# Daily Report

# Latin America

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Latin America

*FBIS-LAT-95-100* *24 May 1995*

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**Rio Group Foreign Ministers Reject Helms Bill on Cuba**

*PA2405012495 Quito Voz de los Andes in Spanish 2300 GMT 23 May 95*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The 14th Rio Group foreign ministers meeting ended in Quito today. The meeting began yesterday in the capital of the republic with several foreign ministers, deputy foreign ministers, and diplomats from Rio Group member countries in attendance...

This afternoon, the foreign ministers of Ecuador, Brazil, and Bolivia held a news conference to summarize the results of this meeting. Here is Bolivian Foreign Minister Antonio Aranibar Quiroga, who revealed the contents of the meeting and read the agreement reached by the Rio Group.

[Begin Aranibar recording] The foreign relations ministers of the permanent mechanism of consultation and political dialogue known as the Rio Group hereby express their serious concern and rejection to the so-called Cuban Liberty and Democratic Solidarity Act of 1995, which is being discussed in the U.S. Senate, in the belief that it violates international law, the most basic principles of regional coexistence, and universally recognized free trade practices.

The Rio Group also expresses its rejection of any intent to impose sanctions or economic restrictions, as established in the Foreign Assistance Authorization bill [preceding four words in English], which is currently being discussed in the U.S. Senate.

There was another declaration regarding the proposal to create the Latin American Community of Nations, which, as you know, was presented by the working group tasked by the Rio Group during a previous meeting and by the Latin American Parliament. The foreign ministers have welcomed this initiative and will present it to the presidents for final discussion and approval at the presidential summit on 5 and 6 September in Ecuador.

This morning we discussed issues pertaining to regional and hemispheric integration and the institutional role of organizations such as SELA, the Latin American Economic System, and ALADI, the Latin American Integration Association. A consensus has been reached on the need to give these entities new roles, establishing their contributions and designing new spaces for effective contribution to the functioning of the different roles of Rio Group countries.

We have specifically tasked Rio Group national coordinators with drafting precise directives on the new roles SELA and ALADI will play in a meeting that will be held in Quito in July.

Finally, the Rio Group has issued a declaration firmly supporting the sustainable development summit in Bolivia and guaranteeing the attendance of all Rio Group member countries and their participation in drafting the summit agenda. This declaration specifically requests that the OAS and IDB [Inter-American Development Bank] support the sustainable development summit in keeping with the Miami Action Plan. This presidential summit will be held in Bolivia in 1996.

Those are the specific topics that were discussed this morning. [end recording]

That was Bolivian Foreign Minister Antonio Aranibar Quiroga reading the main accords reached by the foreign ministers, deputy foreign ministers, and diplomats from Rio Group countries. They met in Quito on 22 and 23 May.

**OAS Plans To Send 400 Electoral Observers to Haiti**

*FL2305200095 Bridgetown CANA in English 1732 GMT 23 May 95*

[FBIS Transcribed Text] Washington, May 23, CANA — The Organisation of American States (OAS), will send a mission of 400 electoral observers to the parliamentary, municipal and local government elections, which will take place in Haiti on June 25, 1995.

An initial group of 45 observers arrived in Haiti last week to be involved in the first stage of the mission, which entails observation of both the electoral process and the election campaign period. The second phase of the mission will begin on the day of the election, with observation of electorate procedures and the counting of votes. During this phase, the core group of electorate observers will be joined by the full membership of the International Civilian Mission, as well as by other international observers coordinated by the OAS, thus increasing the number of electoral observers to approximately 400.

At the request of the Secretary General of the OAS, the Electoral Observation Mission will be headed by Ron Gould, Assistant Chief of the Canadian electoral authority, Elections Canada. Gould arrived in Haiti on May 15. He has vast experience in electoral observation activities, having served as chief of international observer missions during the Presidential Elections in Guatemala (1985) and Honduras (1990), as well as in

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elections in Cambodia (1991), South Africa (1993) and Mozambique (1994).

Jacques Girard, Director of Legal Services and Policy Planning of Elections Canada, was in charge of the OAS observation Mission during the Haitian elections of December 1990 and will be the alternate to Gould.

Micheline Begin, who has been in Haiti since February as head of the Advance Team of the Electoral Observation Mission, has been named Deputy Chief of Mission.

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## Cuba

### Robaina, Russian Foreign Minister Consider Improving Ties

*FL2405010295 Havana Radio Rebelde Network in Spanish 2300 GMT 23 May 95*

[From the "Exclusive" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina and Russian Foreign Minister Andrey Kozyrev have held frank and informative talks on improving bilateral relations. This could prove beneficial for both Cuba and Russia.

Robaina briefed Kozyrev thoroughly on Cuba's political scene, recently implemented economic reforms, and relations with the United States and Latin America. Robaina said that the dialogue helped break a period of almost complete silence that developed in 1989 and confirmed a mutual interest in shaping relations to fit a new reality.

Kozyrev agreed with Robaina that improved bilateral relations present new opportunities and that contacts initiated in New York should continue. He promised that the next step would be a visit to Cuba before December 1995.

Robaina's schedule was packed today, the second day of his official visit. He met Oleg Davydov, foreign economic relations minister and first deputy foreign minister, and businessmen. Robaina briefed them on the Cuban situation and on foreign companies' rising interest in investing in Cuba, notwithstanding U.S. pressure and threats of reprisal.

### Russian Minister's Interest in Expanding Relations Noted

*FL2305210495 Havana Radio Rebelde Network in Spanish 1700 GMT 23 May 95*

[From the "National Radio News"]

[FBIS Translated Text] Oleg Davydov, Russian foreign economic relations minister, said in Moscow today that Russo-Cuban economic relations must expand far beyond the annual exchange of sugar and oil. Davydov met Cuban Foreign Minister Roberto Robaina, who is on an official visit to Moscow. Davydov expressed an interest in reestablishing a level of bilateral relations similar to that maintained during the days of the former USSR. Davydov added that Russia is willing to supply equipment and raw materials to several Cuban economic sectors, including the manufacturing industry and energy sector. Davydov, who is also Russian Government deputy chairman, pushed for the speedy completion of the Juragua nuclear plant, which symbolizes cooperation between Cuba and Russia. The meeting with Davydov was on Robaina's Moscow agenda. He will depart Moscow for Belarus on 26 May. Belarus will be the last stop on his tour of the former USSR's principle states.

[Havana Tele Rebelde Network in Spanish at 1630 GMT on 23 May adds during the regularly scheduled afternoon "NTV" newscast that Robaina and Russian Foreign Minister Andrey Kozyrev have signed an agreement on cooperation in the fight against drug trafficking.]

### Commentary Reviews U.S. Political Situation

*FL2305161795 Havana Radio Rebelde Network in Spanish 1155 GMT 23 May 95*

["Our Opinion" Commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] On 26 August 1893, Jose Marti wrote an article entitled: The Root [La Raiz]. The article questioned and condemned annexationism. He questioned the conversion of our beloved fatherland into a place where the rich are against the poor, where Christians are against Jews, whites against blacks, farmers against businessmen, westerners and southerners against easterners, hungry and deprived men against everything that stops them from quenching their hunger and thirst, a place which he depicted as an oven of wrath, a sharp jaw, and an active volcano.

This was written by Marti nearly 102 years ago. Yet, considering the current situation in the United States, his words are still absolutely valid. I would say that they give an accurate description of what is going on over there.

Firstly, the reigning extreme right in Congress is trying to cast out democrats any way possible, including the use of blackmail. The interests and welfare of millions of U.S. citizens are at stake. These interests are being gambled without scruples. In fact, there are even rumors that, in the heat of this reactionary offensive, paramilitary organizations could attempt a coup. The security measures surrounding the president and White House have increased.

The extreme right's aggressive words could provoke an attack against Clinton, or a bombing attempt on the White House. It happened at the Oklahoma Federal Building proving that anything is possible.

Recently, Congress approved a $16.4 billion cut in the 1995-96 budget, which will affect 60 programs in different sectors, such as health, education, job training, the war against drugs in schools, and aid to public

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employees. A plan to reduce governmental spending and balance the budget by 2002 was also approved, which will eliminate hundreds of federal programs, and reduce others beginning in the next fiscal year. The Senate is expected to pass this bill.

Republican propaganda highlights that this plan to eliminate the deficit will greatly benefit the economy. However, economists from the private sector point out that it will generate considerable suffering among the people in the short or midterm, and a possible recession.

President Clinton has promised to veto this bill. Nevertheless, Republicans have attached his requests for aid to California, Oklahoma, and Jordan to the bill. In other words, by vetoing the bill he will be refusing the aid he asked for. This is, by all means, a type of blackmail by the Republicans. Many observers believe that the confrontation is an indication that politicians are only interested in their personal ambitions and that of their party, and the economic sectors that they represent.

The people's opinion reflect the severity of the situation. ASSOCIATED PRESS recently announced the results of a poll conducted in the Washington area to know people's views on politicians, religious leaders, and large corporation managers. Only 18 percent of the 1,819 people interviewed said they trusted politicians. Approximately 55 percent said they trusted religious leaders, and 33 percent said they trusted managers. The poll only confirms what was evident in past elections: the people's skepticism and cynicism when it came time to evaluate a politician's performance.

Lack of confidence in political institutions or their representatives is nevertheless particularly dangerous in a society such as the United States, where extreme right forces seem to be willing to take advantage of popular discontentment.

We will wait to see what comes out of the confrontation between Republicans and Democrats, which could also create polarization within U.S. society, the rich against the poor.

Meanwhile, we will try to follow Marti's counsel and keep our beloved fatherland as far as possible from that oven of wrath, that sharp jaw, and that active volcano.

**'Crusade' by 'Extremist' U.S. Legislators Viewed**

*PA2305140995 Havana Radio Havana Cuba in Spanish 0000 GMT 23 May 95*

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[FBIS Translated Text] The most extremist sectors in the U.S. Congress have rallied around the anti-Cuban Helms-Burton bill to promote the crusade against the greater of the Antilles, in view of the fact that Cubans have been able to survive despite the external factors affecting them. Nevertheless, for the most reactionary U.S. legislators, who are even confronting the realistic position held by some of the people close to U.S. President William Clinton, it is not easy to find arguments to justify the aggressive policy against their Caribbean neighbor.

Cuban Vice President Carlos Lage last week emphasized that today one cannot speak of Cuba's action as an alleged agent of a world communist system, which has simply ceased to exist. Speaking at the ceremony to mark the centennial of the death in combat of national hero Jose Marti, Lage, who is also secretary general of the Executive Committee of the Council of Ministers, said that only the most obtuse and ignorant speak of Cuban intervention in other countries. Today, he said, new pretexts must be used, such as charges of human rights violations.

Lage added: One must ask, has not all Cuba's colossal work been in favor of human rights? It is a fact that for more than 35 years, Cubans have undertaken enormous efforts to apply the most noble principles of social justice, among which, the rights to health, education, and social security stand out. Those achievements are maintained despite the seriousness of the economic crisis, and everything aims to make certain that the current project, which confirms socialism, although with market elements, will continue under that line of principles.

Therefore, even the arguments of the fierce adversaries of the island about the alleged violations of human dignity in Cuba are failing, even though lawmakers Jesse Helms, Dan Burton, Lincoln Diaz-Balart, Ileana Ros-Lehtinen, and Robert Menendez try to ignore it.

A few days ago, Peter Tarnoff, U.S. under secretary for political affairs, told the Hemispheric Affairs Subcommittee that the Cuban authorities have not taken action against the people who want to emigrate or the rafters who returned from the Guantanamo naval base. The diplomats at the U.S. Interests Section in Havana — who are completely free to move about to confirm it — have also not found that the two groups of rafters, who were returned to Cuba due to the 2 May migratory agreement between Washington and Havana, have in any way been bothered.

At this stage, it is not easy for Cuba's adversaries to use the same outdated formulas to discredit the work that the majority of the Cubans support.

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**DPRK Legislative Leader's Condemnation of U.S. Bill Noted**

*FL2405014195 Havana Cuba Vision Network in Spanish 0000 GMT 24 May 95*

[From the "NTV" newscast]

[FBIS Translated Text] Yang Hyong-sop, chairman of the North Korean Supreme Peoples Assembly Standing Committee, today condemned the Helms-Burton bill as an open challenge [desafio] to Cuba. The Korean legislative leader's letter to Ricardo Alarcon de Quesada — his counterpart — describes the bill as a brazen violation of the sovereignty and rights of people who defend socialist conquests. The letter recognizes that the United States has strengthened the blockade of Cuba over time and that the Helms-Burton bill is another step in that direction.

**Lage: People, Leadership Not Renouncing Project**

*PA2305142595 Havana Radio Havana Cuba in Spanish 0000 GMT 23 May 95*

[Station commentary by Norberto Hernandez from the "Evening Information Review" newscast]

[FBIS Translated Text] The changes made in Cuba and those that will follow, as part of the economic adjustment process and the rational process to adapt to the reality that surrounds us, do not suggest that the people and the country's leadership have renounced to continue the revolution's social justice project and to its condition as a proletarian state. Carlos Lage, vice president of the Council of State of Cuba, made this statement during a ceremony to pay homage to national hero Jose Marti on the centenary of his fall in combat for Cuba's liberty.

Despite successive aggressive policies that the U.S. Governments have implemented throughout these years, Lage added, we have never been unwilling to dialogue and settle, within an atmosphere of mutual respect, the differences that separate us. This statement by the Cuban vice president reflects the willingness of the political leadership of the Cuban revolution, since the onset of the revolutionary measures — more than 30 years ago — to settle with the U.S. Government the differences that have emerged between the two countries, through negotiations on equal terms.

The Cuban revolutionary government headed by Fidel Castro clearly stated its intention and willingness to compensate U.S. businesses, which were nationalized in Cuba at the beginning of the revolution, with part of the country's yearly revenues produced by the sale of sugar, the main national industry. The U.S. Government reacted with arrogance and adopted an intransigent and disrespectful position toward the new Cuban authorities and categorically refused to negotiate with Havana on equal terms, in keeping with international rules.

The U.S. Government had always pharisaically denied that Cuba was a U.S. protectorate or colony, but always behaved as if Cuba were a colony, a country completely subordinated to Washington's interests. In those days, President John Kennedy told the media that the thing to do was to place Cuba in quarantine, close its economic arteries, and the revolution would surrender in a few months.

Eight more presidents throughout 36 years have not achieved this, although they have tried to do so with the same or even greater interest. Military aggressions, constant sabotages, attempts to assassinate the chief of the Cuban revolution — which were admitted even at the Federal Congress — a worldwide propaganda campaign to defame Cuba, and a criminal economic blockade, which has already lasted 36 years, have not managed to make the Cuban people surrender or make them give up their firm and virtually total support to their revolutionary government.

After the abrupt disappearance of the Soviet Union and the Socialist bloc, which were the main and vital allies of Cuba, the enemies of this country and the counterrevolutionary mafia of Cuban origin in the United States, thought that the hours of the Cuban revolution were counted. They even talked about packing their luggage to return to the island triumphantly to reverse everything that had been done. But five years have passed and Cuba has become stronger instead of weaker, while the U.S. international image has suffered, because of its hostile and totally unjustified policy against Cuba.

Cuban Vice President Carlos Lage praised the recent migratory agreement signed by Cuba and the United States — an agreement that has been bitterly condemned by ultra-rightist Cuban emigrants in Florida — but that is being fully implemented by the two parties. This, Lage pointed out, is the only way to settle differences between Cuba and the United States.

**Release of 6 Political Prisoners Unconfirmed**

*PA2305195495 Paris AFP in Spanish 1817 GMT 23 May 95*

[FBIS Translated Text] Havana, 23 May (AFP) — Up until this Tuesday [23 May] afternoon, neither official sources nor dissident groups in Havana have confirmed the release of six political prisoners announced in Paris this morning by the France Libertes organization.

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Consulted by AFP, Cuban Foreign Ministry Spokesman Miguel Alfonso pointed out that "for the time being" he had no official information on the issue.

Relatives of Sebastian Arcos and Yndamiro Restano, two of Cuba's main dissidents, whose release had been announced, stated on the other hand that they had not received any indication about a release.

Gustavo Arcos, president of the illegal Cuban Human Rights Committee (CCDH), stated that up until yesterday his brother had still been under arrest.

The organization France Libertes, which is headed by Danielle Mitterrand, wife of the former French president, indicated through a communique that she had been advised of the release by Cuban President Fidel Castro, but did not disclose when it would take place.

According to the French organization, four other prisoners whose release has also been announced are: Agustin Figueredo, Pedro Castrillo Ferrer, Ismael Haber, and Luis Gonzalez Obras. [names as received]

**Significance of Celebrating 20 May Questioned**

*FL2305224995 Havana Radio Rebelde Network in Spanish 2300 GMT 22 May 95*

[Commentary by Fernando Davalos; from the "Exclusive" program]

[FBIS Translated Text] I would like to seriously address the events of 20 May, when extreme right-wing groups in Miami and other foreign countries held a celebration. Nothing happened in Cuba: This date was not even recognized. I would like to have a critical discussion, but the topic is not worthy. That date and the caricature republic [republiquita de pacotilla] that occupationist U.S. troops in Cuba have organized are not a serious issue but a joke.

The topic may be outdated, but its significance remains alive in the United States. Some there want to use U.S. citizens to retrieve what they used to own in Cuba. They hope that U.S. troops and institutions will pull their chestnuts from the fire.

Miami's ultraright terrorist sector recently recognized 20 May as a crucial date. They hope that another 20 May will bring the Cuban Revolution to an end without risking their own skins. Although they are able to stir up storms on the radio and poison their souls, they are unable to poison ours.

While we understand the significance of 20 May 1902, we are not sure what this date would mean today in another banana republic where their interests are restored. This is the Helms-Burton bill's clear goal. They applaud the U.S. flag flying in El Morro — the troops who sneaked into Cuba to neutralize the war that Mambises had already won — and applaud the fact that the liberation army was unable to enter Santiago de Cuba and were finally disarmed to give way to the heinous and monstrous 20 May banana republic, where theft and crime were commonplace.

It would have been very different had a 19 May and a 7 December taken place before that painful 20 May. Today's annexationists would not have a 20 May to celebrate if Marti and Maceo were alive.

**Assembly Vice President Discusses Elections**

*FL2405001895*

[FBIS Editorial Report] Havana Tele Rebelde Network in Spanish at 0030 GMT on 23 May, during the regularly scheduled "This Very Day" program, carries live a 32-minute studio interview with Jaime Crombet, vice president of the National Assembly of the People's Government, by program host Hector Rodriguez and correspondents Maria Julia Mayoral and Maribel Acosta.

Acosta opens the discussion by asking Crombet about the district election process, specifically whether progress report assemblies should be bound by formalities and what he expects from the process and the elected delegates.

Crombet stresses that it is the delegates' responsibility to ensure that assemblies are not bogged down in formalities. Delegates must be intelligent and honorable and passionate about their work, command authority, and support the Revolution, Crombet contends, adding that they must also strive to solve problems in their districts.

He then turns to the timing of assemblies, stating: "The timing of assemblies is very important. They should not be held at the same time as an outstanding sporting event or one of the two highly rated soap operas in Cuba." Crombet adds that the assemblies should coincide with events taking place in each district, such as during production award ceremonies and other events. He stresses the importance of dialogue rather than monologue in the election process. Crombet repeats that voters must choose delegates who can serve as leaders and solve problems.

A correspondent asks Crombet whether delegates will truly be able to respond to district needs, considering the current economic difficulties of the so-called special period.

Crombet replies: "We must never forget that Cuban resources are limited. The hostility that the most recalcitrant U.S. Government imperialists are generating is

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making the special period's effects even more difficult." Good delegates, he assures, will be able to find many solutions to our everyday needs and problems. Crombet reassures that much can be achieved through contact between the people in the districts and delegates who are capable, energetic, and willing to do their job.

A correspondent asks Crombet whether an increasing number of new delegates will affect government stability. She then asks what he expects from the elections.

Crombet reiterates that the delegate's work is important and difficult, that he must be in touch with district neighbors constantly, and that much sacrifice is involved. He points out that the so-called special period has tired and drained many.

He then stresses that all revolutionaries must be prepared to accept their responsibilities if they are elected. Crombet acknowledges that the people know who they cannot choose: "I do not think that anyone will chose a minister or a provincial Cuban Communist Party first secretary for delegate because it is not compatible with his duties." Anyone who is chosen has the responsibility to continue on, he states, adding: "I think a huge overhaul is in order. This is not a bad thing. It gives new comrades the chance to serve social and political functions, as well as govern society. It is always good to have some incumbents reelected, people who can bring some continuity and experience to the job. However, I am personally not worried if there is a huge overhaul." Crombet says that he hopes that great delegates are chosen and reminds viewers that the first round of elections has been scheduled for 9 July, with the second round to follow on 16 July.

A correspondent asks how the Cuban decentralization process, whereby territories are gaining more authority, will affect the elections.

Crombet confirms that such a process is underway. There is more order and discipline in fulfilling budgets at all levels, he says, but municipal and provincial assemblies still do not have the prerogative to handle budgets. Crombet explains that the assemblies are more involved in fund-raising activities.

A correspondent asks if factories in these territories are involved in the electoral process, to which Crombet replies that administrators and factory workers are involved at provincial and municipal level. He adds that it is often the case that they are delegates. Municipal governments must coordinate aid from factories and all organizations in their own areas, Crombet stresses.

A correspondent ask Crombet about publicizing abbreviated biographies of candidates.

Crombet responds: "One feature of our electoral process is that people do not conduct political campaigns. There is no rivalry between candidates for the responsible positions that our people offer." He recalls that President Fidel Castro has recognized that Cuba is the only place where people vote for other people rather than for parties or campaigns. While these short biographies are sometimes a bit too short, Crombet says, they do give the people a chance to get to know the candidates in their districts better.

A correspondent notes that those in jail and those who suffer from mental disorders cannot be elected. She asks Crombet if the rafters who have returned to Cuba have a right to vote.

Crombet responds: "Yes. None of them has received any special sanctions. They have all the political rights of any other Cuban citizen. They can participate in the process. They can chose and be chosen. They can nominate or be nominated."

Rodriguez then asks Crombet if he is happy with the work of the few assemblies that he has seen.

Crombet replies that he is very happy with what he has seen, adding that the progress report assemblies and elections are going very well. He states: "This process is taking place at a difficult time for our people. They want to force an aggressive, hostile, and fascist law on us. Our people should understand that carrying out an exemplary electoral process is one way of reaffirming our unity, our love of independence and sovereignty, our devotion to Marti's teachings, and our cohesion to and support of the Revolution, the Party, and the commander in chief." We can present a very clear case, he assures.

At 0102 GMT, the interview closes with Crombet praising the public hearings process as one way to improve democracy. He notes that all 11 legislative commissions use public hearings to gather input from the people.

**Tlatelolco Treaty's Benefits, Limitations Highlighted**

*FL2305155195 Havana Radio Progreso Network in Spanish 1100 GMT 23 May 95*

[Commentary from the "First Thing" program]

[FBIS Translated Text] Cuba recently signed the Tlatelolco Treaty, the common name of the treaty banning the proliferation of nuclear weapons in Latin America and the Caribbean. In the document, the signing nations pledge to use nuclear material and facilities for peaceful purposes only and prohibit and prevent the testing, use, making, production, or acquisition of nuclear weapons. They also pledge to prohibit and prevent

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the reception, stockpiling, installation, or deployment of nuclear weapons. The Tlatelolco Treaty establishes that every participating country will negotiate safeguard accords with the International Atomic Energy Agency to facilitate verification of the implementation of the accord.

The treaty has two additional protocols: The first one is aimed at states that do not belong to the region, but have international responsibility over territories in Latin America and the Caribbean and pledge to ban nuclear weapons for warfare employment. The second additional protocol covers states having nuclear weapons who pledge to not use them or threaten nations comprised in the treaty with the use of nuclear weapons.

The treaty has been signed by the 33 countries of Latin America and the Caribbean, of which 29 have also ratified it. Why was Cuba the last one to sign the Tlatelolco Treaty? That is because the only nuclear power in this hemisphere, the United States, maintains a hostile policy against Cuba; it increases the blockade, strengthens its campaign against our country, and maintains by force and against the will of our people the illegal occupation of a portion of our national territory through which its vessels navigate carrying nuclear weapons.

We support the total elimination of nuclear weapons as the only formula to guarantee a lasting peace and every country's security. The first ones that ought to conform to those principles are, precisely, the so-called nuclear powers. Why does the United States, which has nuclear weapons, continue to maintain that privilege while demanding that other nations renounce to having them? The United States is the greatest nuclear power and yet it threatens, at times with military aggression, the DPRK, Iraq, and other sovereign states if it suspects that they are trying to produce nuclear weapons.

The Tlatelolco Treaty does no include any clause demanding verification of the obligations contracted by the nuclear powers in accordance to the additional protocols, nor does it prohibit the movement and transportation of nuclear weapons in the region. Despite these serious limitations, which represent a true danger for Cuba, our country decided to sign the Tlatelolco Treaty. With this, Cuba expresses once more its willingness to fully join the Latin American and Caribbean community.

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**Zedillo Urges Joint Effort To Construct Democracy**

*PA2305154495 Mexico City LA JORNADA in Spanish 22 May 95 pp 1, 10*

[Report by Roberto Garduno Espinosa]

[FBIS Translated Excerpt] During the commemoration of Polytechnic Day, President Ernesto Zedillo said: "In the construction of democracy, Mexico requires the participation of everyone's ideals and creative effort. No one should exclude himself from the democratic progress, and no party should exclude itself from the national dialogue."

The event took place on the 59th anniversary of the National Polytechnic Institute's [IPN] foundation by General Lazaro Cardenas and Cardenas' 100th birthday. Zedillo said that some of the National Development Plan's main objectives are to have everyone cooperate to help build democracy in harmony with society's needs and demands; to attain a better balance among the country's branches; to stimulate federalism and definitive electoral reform; and to disseminate a genuine democratic culture.

Zedillo pledged to respect all parties and all political forces within the framework of law. "In democracy, there is a place, an opportunity, and responsibilities for everyone. This is the democracy to which we are committed, a democracy in which everyone feels recognized, a democracy of which we all can defend and be proud."

Speaking before the IPN community, he referred to the participation of social and political forces in perfecting democracy and recommended that dialogue should not entail sacrificing the right to dissent. "We live in a country of rich cultural, social, and political diversity. Plurality is part of this country's nature. We are proud of this plurality, which is part of our history and destined to be a prolific source of proposals for Mexico's advancement."

Zedillo said that Cardenas' historical figure has lengthened, because he is the originator of many institutions which were and still constitute Mexico's foundation. "Cardenas wisely put institutions above individuals, thus helping consolidate the nation's essential unity."

In the same tone of voice, underlining the ideas of the speech he had prepared, he added: "Mexico, at present, demands a democracy made stronger by joint effort, respect for other people's right to dissent, and singleness of purpose. Every party, constructive will, and legitimate aspiration will be welcomed to the national dialogue. I hereby reaffirm my commitment to democracy. I hereby reiterate my government's commitment to stimulate the democratic process. I hereby affirm my commitment to govern respecting all parties and political forces in the framework of law."

According to Zedillo, the construction of democracy must be based on respectful dialogue among all of Mexico's political and social sectors. "Let us construct this democracy based on national dialogue to reform power. Let us construct this democracy through everyone's participation in transforming the country to attain a better balance among all branches of the government, stimulate a new federalism which can make states and municipalities stronger, and carry out a definitive electoral reform so our lives can be governed by fairness in competition and civility in controversy, and marked by a genuine democratic culture." [passage omitted]

**Private Sector Issues Appeal to Zedillo**

*PA2405014295 Mexico City EL FINANCIERO in Spanish 22 May 95 p 72*

[Report by Salvador Rico]

[FBIS Translated Text] The "entrepreneurial cells," which were created to support Ernesto Zedillo's presidential candidacy, are now passing judgment on the government. In a harsh assessment of the effects of the "unexpected" December crisis and the mechanisms devised to cope with it, the "entrepreneurial cells" have voiced their concern. "We are very concerned about our present and our future. We want decisions," they said.

During a private meeting attended by Oscar Espinosa Villarreal and Antonio Arguelles, who, along with Gilberto Borja Navarrete and Marco Antonio Bernal, organized the group of entrepreneurs who initially supported Luis Donaldo Colosio and later Zedillo, the "cell" leaders throughout the country agreed to deliver a letter to Zedillo reiterating their support for him, but also demanding a more resolute strategy to end the lack of confidence.

In the letter, the entrepreneurs contend the situation facing Mexican employers is "alarming and dangerous," adding that the Action Plan To Strengthen the Agreement of Unity To Overcome the Economic Emergency falls far short in its anticipated support for the industrial sector. They point out that there are less and less opportunities to improve the people's standard of living and that the current economic and financial strategy "has only served to bring more anxiety and dissatisfaction to all Mexican families," creating wounds that will be hard to heal. They add that the domestic market, job opportunities, and salaries should not be allowed to remain depressed in favor of economic stability on the basis of some future promise of improvements. "The time is right for a new economic thrust, and it is time to grow

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without losing either financial, price, or economic stability. Beyond economic targets, the Mexican economy must be at the service of all Mexicans," they say.

During the meeting, Arguelles recommended that the industrialists detach themselves completely from PRI [Institutional Revolutionary Party] to ensure that their efforts are independent.

Also in the meeting, Federal District Governor Espinosa Villarreal said he might be appointed commerce and industrial development secretary.

Ramon Neme, who was one of the first to speak, said: "All of us agree with the government's policy. All of us believe in Ernesto Zedillo."

Later, Antonio Ballesteros talked about the future of "entrepreneurial cells" by saying: "This is not the time to put an end to the work we have completed through great efforts — efforts that took us to all of the various states to garner the support of industrialists for Dr. Zedillo."

Several entrepreneurs individually expressed support for Zedillo. In addition, Oscar Sepulveda of Chihuahua, Roberto Isaac of Durango, Carlos Flores of Coahuila, and Felipe Per of Tamaulipas jointly reported that they have created a regional confederation to conduct the mediation work "we pledged to conduct on behalf of our rank-and-file." Meanwhile, Guillermo Batiz stressed the need for credibility.

Here is the text of the entrepreneurs' letter:

"We realize that support for President Zedillo is required now more than ever. We must stand up for those who endorsed Zedillo and his trust in us. We hereby tell President Zedillo that the government he represents has stressed the need to stimulate the entrepreneurial sector to give impetus to the social revolution. Yet, today's reality is different. Each of the states and the project that Mexico has always demanded are passing through a truly alarming and dangerous process.

"Primarily, the situation has been brought on by the unexpected crisis affecting Mexico to an unprecedented degree.

"We believe that the Agreement of Unity To Overcome the Economic Emergency is too far removed from the strategy for which it was originally intended, because it is undermining household finances, as well as discouraging productive activity. This inevitably tends to greatly exaggerate the crisis because of the day by day lack of confidence and credibility in our institutions. Whatever opportunities there are for a better standard of living for the people are being shut out.

"We believe that the current economic and financial strategy has only served to bring more anxiety and dissatisfaction to all Mexican families. The harm caused to society, education, inventories, the real wages President Zedillo himself defended during the campaign, low taxes, and fiscal incentives will inflict wounds that will be quite difficult to heal.

"It is inadvisable to allow the domestic market, employment, and wages to continue to contract for the sake of economic stability or as a justification for social achievements promised some time in the future. What kind of future can we expect when we have no present?

"We have been managing to survive only through internal savings in recent days. These are the same savings we are now being denied and which constitute the main strategy for security, independence, stability, and social peace for the country. We must certainly encourage internal savings, yet we believe that the transition from volatile external savings to internal savings must be gradual in order to replace one with the other in an efficient manner.

"Mr. President, we believe the time is right for a new economic thrust, and it is time to grow without losing either financial, price, or economic stability. Beyond economic targets, the Mexican economy must be at the service of all Mexicans. It is for this reason that economic growth must be distributed in a more equitable manner by providing more jobs with reasonable wages. It is time to set aside economic stability for the sake of improved earnings for workers, farmers, cattle ranchers, businessmen, employees, and all Mexicans.

"What we have just outlined is based on the business sector's concern, as well as our respectful but energetic demands to rapidly amend the current situation by providing specific support to the sector in order that we may once again be able to attract investors and engender credibility, confidence, jobs, and productivity — all of which is stagnant at this time. We are quite concerned about our present condition, and we are very concerned about our future, as well as our children's future. We want viable options and to be informed as to what direction we are headed. "In this way, we are ending this letter in which the business sector has expressed its concerns. We would like to know what, how, when, and where."

### A Call for the "Cells" To Break From the PRI

Ramon Martinez from Michoacan also expressed his dissatisfaction.

"We cannot continue creating more frustration and chaos," he pointed out.

Celaya businessman Mauricio Clark called on the PRI to prevent its "leadership" from continuing to erode.

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Felipe P. from Tamaulipas remarked, "We are in need of a signal from President Zedillo to show us what he expects from the business sector."

On the other hand, Antonio Arguelles made the following observations:

"I noted that the term 'entrepreneurial cells' should be done away with, and I am convinced this should happen because things have changed. The cells are being identified as active members of the PRI, which many of you do not support because of its conduct. You supported the PRI first because of Colosio, and later because of Zedillo. This is the reason why it is important for us to break from the PRI. If we do not, we will always be seen as falling under the its shadow."

One Yucatan businessman acknowledged, "There is the perception that we were mainly used for the campaign."

Ramon Neme proposed that Oscar Espinosa be appointed as the representative to deliver the business sector's letter to President Zedillo.

**Commerce Secretariat Reports on 1995 Foreign Investments**

*PA2405023795 Mexico City EL FINANCIERO in Spanish 22 May 95 p 10*

[FBIS Translated Text] The Commerce and Industrial Development Secretariat (Secofi) has reported that direct foreign investment in the country reached $3.721 billion during the first two months of the year. Most investments were channeled into the service sector, with smaller amounts going to the manufacturing and commerce sectors.

Secofi explained that in February 1995, direct foreign investment reached $1.694 billion, which is less than the $1.718 billion invested in the same month in 1994.

This figure was added to the $1.865 billion in direct foreign investments and a negative flow of $170.3 million reported in the stock market. [sentence as published]

Direct foreign investments came mainly from the United States, India, Holland, and Canada, with 36.1, 30.9, 14.5, and 14 percent, respectively. The remaining 4.5 percent came from other nations.

Secofi added that of the $1.865 million in direct foreign investments, 98.9 percent ($1.844 billion) was authorized by the National Foreign Investment Registry and 1.1 percent ($21.1 million) by the Foreign Investment Commission.

Secofi reported that 19.3 percent of the investments were in the form of stock purchases in 214 corporations, which for the first time began receiving foreign investments (27.1 percent of these were 100-percent Mexican corporations).

A total of 80.3 percent of the 198 notifications of corporate capital modifications in which foreign investment was already participating. [sentence as published]

Meanwhile, the negative flow in the stock market ($170.3 million) reported by the National Securities Commission resulted from a positive flow of $152.5 million from the sale of ADR [American Depository Receipts] and a negative flow of $226.6 million from the transaction of Mexican corporate stocks and $96.2 million from the transaction of the Nafin [National Finance Bank] trusteeship.

A total of 88.1 percent of the $1.865 billion was channeled to the service sector, 6.9 percent to the manufacturing sector, 4.6 percent to the commercial sector, and the remaining 0.4 percent to other sectors.

The direct foreign investments to which we are referring came primarily from the United States and India, countries that contributed 61.8 percent and 25.2 percent of the total, respectively. The remaining 13 percent came from other countries.

**ANIERM Official Comments on Slump in Imports**

*PA2305030095 Mexico City NOTIMEX in Spanish 2016 GMT 22 May 95*

[FBIS Translated Text] Merida, 22 May (NOTIMEX) — The devaluation of the Mexican currency and the lack of financing has prompted a 20 to 25 percent slump in imports over the first four months of 1995 when compared to the same period a year earlier, it was reported here today.

According to Nicolas Urcelay Castro, a member of the National Association of Mexican Importers and Exporters (ANIERM), the instability in the exchange rate has delayed several projects in this eastern Mexican state of Yucatan. The sectors registering the largest drops in sales include the electronics, clothing, food and consumable goods, and capital goods industries, including machinery and equipment, the official noted.

Urcelay Castro stressed that another factor directly hindering imports is a lack of bank financing and high interest rates, both of which are forcing traditional importers to obtain dollars to conduct transactions. Despite these problems, Urcelay Castro said grain, spare parts, surgical supplies, and other vital products continue to be imported.

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**Exporters Laments Lack of Affordable Financing**

*PA2405015995 Mexico City NOTIMEX in Spanish 0054 GMT 23 May 95*

[FBIS Translated Text] Puebla, 22 May (NOTIMEX) — Mexico has a $57.5 billion deficit of funds needed to finance exports because development banks lack resources, the National Council of Foreign Commerce (Conacex) said today.

Jorge Velasco, president of this organization's southern region, pointed out that industrialists in this sector need $70 billion to export, but the National Foreign Trade Bank of Mexico (Bancomext) has only $11 million.

Meanwhile, the National Finance Bank (Nafin) supported the exporting sector with only $1.5 billion, "which is insufficient to meet the demand of the country's companies," he said.

Velasco noted that Bancomext charges higher interest rates, which makes Mexican exporters noncompetitive. Bancomext charges the Libor [London Interbank Offered Rate] plus 15 points, while foreign institutions offer financing at only four to five points.

In view of this, he added, Mexican exporters will have to resort to "eximbanks" or international financing to secure resources that will allow them to export.

Velasco emphasized that Mexico's trade balance would be more positive if adequate financing at interest rates charged abroad was available.

**Cattlemen Confederation Warns Drought Causing Huge Losses**

*PA2005173495 Mexico City XEW Television Network in Spanish 0430 GMT 20 May 95*

[From the "24 Hours" Newscast]

[FBIS Translated Text] Cesar Gonzalez Quiroga, president of the National Confederation of Cattlemen, has warned that northern Mexico is facing the most severe drought in the past 65 years. Approximately 300,000 cows have died in the last month alone due to the drought, leading to losses amounting to 600 million new pesos.

**PRI Members Meet To Discuss Party Reforms**

*PA2405035595 Mexico City XEW Television Network in Spanish 0430 GMT 23 May 95*

[From the "24 Hours" newscast]

[FBIS Translated Text] PRI [Institutional Revolutionary Party] members from across the country met today in Mexico City to analyze PRI reforms. After six hours of meetings this Monday, PRI national leader Maria de los Angeles Moreno closed the national evaluation and planning meeting of the territorial movement of her party in Mexico City.

At this meeting, PRI delegates from all states studied and discussed ways to reform the party. The conclusions were presented to Maria de los Angeles Moreno at the closing ceremony.

The PRI national president said her party's reform will be undertaken in order to remain in the government.

[Begin Moreno recording] This reform — I have said it many times and will repeat it — will be undertaken to strengthen our party. It is intended to perfect our working methods and procedures. It is intended to continue to lead in issues that society cares about most; it is intended to remain in government. [end recording]

Senator Carlos Sobrino Sierra, national leader of the PRI urban and popular territorial movement, was present at the close of this meeting.

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## Guatemala

### URNG: No Participation in Election, Urges People To Vote

*PA2305131595 Mexico City NOTIMEX in Spanish 0017 GMT 23 May 95*

[FBIS Translated Text] Mexico City, 22 May (NOTIMEX) — The Guatemalan National Revolutionary Unity (URNG) rejected here today that it will not participate as a political party in the upcoming general elections to be held in Guatemala on 12 November 1995.

Luz Mendez, member of the URNG political-diplomatic commission, told NOTIMEX that even though the URNG will not participate in the elections, it will urge the population to go out and vote to elect the successor of President Ramiro De Leon Carpio.

"The URNG made a call for the general public to participate in the elections in order to put an end to abstentionism," which only benefits the minority sector that rules Guatemala, Mendez explained.

On 12 November, millions of Guatemalans will also go to the polls to elect deputies to the local Congress, the Central American Parliament (Parlacen) and mayors of this Central American country.

Mendez believes that the coming elections "could mark the beginning of a democratic alternative, with a view to establishing confidence and the conditions to help popular representatives reach power."

Meanwhile, she said that representatives of the URNG and the United Nations met here during the weekend and discussed socioeconomic topics and the agrarian situation, which is currently on the negotiating table.

She stressed that this meeting is another one of the individual meetings being held by UN mediator Jean Arnault with each party to find points of agreement that will enable them to reach concrete results during direct negotiations.

Mendez explained that the two parties analyzed, among other points, topics for a new economic and social development project in Guatemala, as well as the modernization of agricultural production in this country.

They also discussed the state's relations in the country's administration and civilian participation in a new development project.

A new meeting between the URNG and the United Nations is expected to take place in the course of this week, although it is not known yet whether government representatives will be invited to attend.

Mendez said that considering the nature of the topics, it is difficult to determine [words indistinct] in the negotiations being conducted with the government regarding the socioeconomic topic.

### Border Development Accord Signed With Honduras

*PA2305144695 Guatemala City LA REPUBLICA in Spanish 21 May 95 p 6*

[FBIS Translated Text] The Governments of Honduras and Guatemala signed yesterday, Saturday, an agreement on a binational development plan in the region known as the Gulf of Honduras, which will benefit several border communities of the two countries.

The document was signed in Puerto Cortes, on the Honduran Caribbean Sea, by Vice Presidents Arturo Herbruger (Guatemala) and Guadalupe Jerezano (Honduras), in the presence of special guest OAS General Secretary Cesar Gaviria, government officials, and diplomats from both countries, among others.

The vice presidents of the two Central American nations highlighted the importance of the project for the border region, a mostly depressed region.

The project includes a road that will join Puerto Cortes (Honduras) with Puerto Barrios (Guatemala), as well as other works of social benefit and tourism promotion in the area.

Cesar Gaviria, who arrived on Friday in Tegucigalpa to preside over the closing of the first OAS General Assembly model with Honduran students, asserted that the project between Honduras and Guatemala "reaffirms the process of regional integration in Central America."

He added that this is the first pilot plan that the Central American isthmus will have regarding sustainable development, financed partly by the OAS, the Central American Bank of Economic Integration (BCIE), and the Inter-American Institute for Agricultural-Livestock Cooperation (IICA).

The OAS secretary general remarked that the continental organization will devote its efforts to carrying out projects and actions presented by Central American countries and will support sustainable development and border integration programs.

Gaviria, former president of Colombia, stressed that the agreement Honduras and Guatemala signed yesterday is the most important advancement their governments have made to improve the conditions of extreme poverty in border communities in these two countries.

Cesar Gaviria yesterday rested on the paradise Island of Roatan, on Honduras' Caribbean Sea and will return to Washington today, Sunday.

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**Refugee Resettlement Problem in Ixcan Noted**

*95P20804E Guatemala City CERIGUA WEEKLY BRIEFS in English 2 May 95*

[Published by Cerigua, the news agency of the Guatemalan National Revolutionary Unity, URNG; received via Internet]

[FBIS Transcribed Text] Ixcan, Quiche, May 2. Residents of the Kaibil Balam parcel in Ixcan, Quiche province — brought there 10 years ago as part of the government's counterinsurgency effort to establish "model villages" — have blocked roads into their town and are threatening violence against any returning refugees who try to come home, according to the daily Prensa Libre.

The current villagers, who for years have made payments to the Agrarian Transformation Institute (INTA), say the land is theirs. The returnees, driven from their homes by the army's scorched-earth campaign in the 1980s and granted recognition of their original land titles in a peace accord signed by the government and rebels last year, call the land theirs.

The current residents pulled out of talks to resolve the land conflict May 1, citing broken government promises to provide schools, roads and potable water if they agreed to share the land with returnees.

The recently returned refugees, who spent more than a decade in Quintana Roo, Mexico, are now sleeping in the convent in nearby Cantabal.

After army terror in the 1980s drove hundreds of thousands of people into Mexico, the government declared the exiles' lands "voluntarily abandoned" and resold them to other Guatemalans displaced by the war. Often, the new landowners were also forcibly resettled into army-controlled model villages.

**Labor Unions' View of March Provided**

*95P20804F Guatemala City CERIGUA WEEKLY BRIEFS in English 2 May 95*

[Published by Cerigua, the news agency of the Guatemalan National Revolutionary Unity, URNG; received via Internet]

[FBIS Transcribed Text] Guatemala City, May 2 — Thousands of workers turned out May 1 for Guatemala's largest International Labor Day march in years. According to organizers, some 30,000 marched on the National Palace in Guatemala City to call for an end to neoliberal policies, social injustice and human rights violations.

Members of the three major union federations — the Unity of Labor and Grassroots Action (UASP), the Guatemalan Labor Unity Confederation (CUSG) and the Guatemalan Workers General Central (CGTG) — put aside their differences and joined forces to reject the privatization of state enterprises and the increasing cost of basic services, and to call for peace in Guatemala.

Labor leaders accused the government of trying to draw potential participants away from the celebrations by putting on a free football game. "But we've shown that we have the power to bring people out," said Felix Hernandez of the National Federation of Public Servants (FENASEP).

Some 187 organizations, including students and human rights groups, joined the demonstration. And a banner unfurled at the last minute at the beginning of the procession proclaimed greetings to the workers from the Guatemalan National Revolutionary Unity (URNG).

## Honduras

**Deputy Minister on Inability To Meet Inflation Goal**

*PA2405035695 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 23 May 95 p 4A*

[FBIS Translated Text] Tegucigalpa — The deputy finance minister has admitted that the members of the economic cabinet are aware that they will be unable to keep inflation under control, contradicting earlier claims by former Finance Minister Delmer Urbizo Panting and Central Bank President Hugo Noe Pino.

Gabriela Nunez, the newly appointed deputy finance minister, who is unaccustomed to the economic cabinet's "pious lies," admitted, "they are aware inflation will not be maintained at 12 percent," as her superiors had claimed.

Nunez made the aforementioned statement because, apparently, as an economist she cannot repeat "truths" based on desires and not on real figures.

The members of the economic cabinet have already been proven wrong by their colleagues at the Association of Economists, who questioned promises by Hugo and Delmer of a 12-percent inflation rate by the end of 1995. At this point, this figure has not only been surpassed, but doubled.

Nunez said, "In order to reduce inflation, corrections regarding fiscal monetary policy (government spending) must be made in an effort to maintain spending at desired levels."

**Commitment Is One Thing, Reality Is Another**

Nunez said the inflationary targets only reflect that there are policies directed at achieving these goals, but she blamed external factors for blocking them.

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According to Nunez, the government's economic program is well-presented and consistent in all of its policies, but she added that by year's end the plan's macroeconomic goals will not be met. She explained that without fiscal discipline, no economic plan can survive.

The deputy finance minister also said she was unable to forecast what the inflation level would be by the end of 1995.

**Baloney**

Nunez added that the relationship with international financial institutions will not be affected by the high levels of inflation expected by year's end.

Nunez said one of the main problems of the government's economic policy has resulted from the internal imbalance in the fiscal sector, which has caused serious distortions in other variables.

Despite this situation, Nunez voiced her optimism that economic growth will be 4 percent with coffee revenues spurring this growth.

**Increase in Dollarization of Economy Alarms Local Banks**

*PA2305134495 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 22 May 95 p 8A*

[FBIS Translated Text] Tegucigalpa — The nation's banks are alarmed and worried over the substantial increase in the dollarization of the Honduran economy resulting from the wave of speculation and inflation registered in the past few years.

According to data handled by the Honduran Association of Banking Institutes [AHIBA], foreign currency savings accounts totaled 725 million lempiras as of December 1993. By December 1994, those accounts totaled 1.275 billion lempiras, or an increase of 600 million lempiras in dollar accounts.

According to AHIBA's data, until 20 April, there were 892 million lempiras in foreign currency deposits as of 21 April 1994. [sentence as published] By the same date in 1995, dollar accounts amounted to 1.463 billion lempiras, a 63 percent growth rate, whereas the growth rate of local currency deposits was barely 28.3 percent.

By definition, the term dollarization means exchanging local currency savings for hard currency deposits, namely, dollars.

As a result of this situation, many people now prefer to rent their houses in dollars, and some companies that sell on credit ask that the premium be paid in foreign currency. In addition to that, we have a very large number of credit cards that must be paid in U.S. currency.

The dollarization of the Honduran economy stems from the uncertainty in the national economy during these past 24 months.

This uncertainty has prompted the depositor or economic agent to decide to convert his deposits into foreign currency. Dollarization, as a phenomenon, arose in Honduras in May 1993 when the first "speculative bubble" crisis erupted, triggering a jump in the exchange rate. Later, the Central Bank of Honduras [BCH] implemented measures to restrict liquidity by raising the legal cash reserves to 42 percent.

The same situation arose in the current administration with new speculation in the exchange rate, driving it upward and forcing the government to adopt measures to restrict the currency by raising the legal cash reserve.

When asked, AHIBA secretary Sergio Membreno explained that "what they are doing in El Salvador is legally recognizing that the dollar will be the strong currency and that it will circulate. But in our case, the dollarization process does not stem from an economic measure but rather from the level of uncertainty with respect to the lempira's value."

Membreno explained that the situation differs in the Honduran case because we had a fiscal deficit of 7.5 percent last year, or, in terms of international standards, instability prevails in national finances.

Second, Membreno added, our positive foreign exchange flow is practically determined by foreign loans and not by the strength of our economy, through exports, also including remittances from relatives. We barely have a flow of $200 million a year, and no total stability in the flow of foreign exchange to guarantee that once a fixed exchange rate linked to the dollar is introduced the price of the local currency will be maintained.

When the economic analyst was asked why the increase in dollar account savings deposits, he explained "if the depositor feels inflation begins to be higher than the interest rate and, therefore, his real interest rates will be negative, it is better for the economic agent to invest in real estate or make an investment that yields interest rates higher than current inflation or to open an account in dollars, which gives him stability in the exchange rate.

He recalled that the auction process has made it possible to administer the price of foreign currency, "but we are are now in the first half of the year, where the flow of the supply of foreign currency is higher than the demand."

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He later said that when an economic agent opens an account in dollars he wants to ensure that inflation does not eat away the value of his money, something that does happen with interest rates in local currency.

In addition, the AHIBA secretary was clear in saying that at the pace the dollarization has been introduced in the national economy — with a 63-percent growth — "if that increase and the growth rates in the rest of the deposits continue, we will have no local currency in less than two or three years.

What he meant to say, Membrello explained, is that this rate is excessively high, or three times the growth of the deposits in local currency, and a clear indicator we are in the process of dollarizing the economy.

He noted that inflation drives depositors to withdraw their money and invest in real estate or open foreign currency accounts, which is why it is advisable for the BCH to have control over inflation so that we may have positive interest rates that may encourage savings.

He stated "the levels of inflation that are higher than the interest rates are of the greatest concern, and that is what is happening now."

## Nicaragua

### Parties Issue Communique on Proposal To Resolve Crisis

*PA2405024795 Managua Radio Corporacion in Spanish 2200 GMT 22 May 95*

["Text" of communique issued by the Liberal Alliance, National Conservative Party, and Nicaraguan Resistance Party in Managua on 22 May; from "The Moment" newscast — recorded; read by Fabio Gadea Mantilla, leader of the Nicaraguan Resistance Party]

[FBIS Translated Text] We, the Liberal Alliance, National Conservative Party, and Nicaraguan Resistance Party, which represent a large majority of the Nicaraguan people, assume the responsibility to actively seek a solution to the institutional crisis. We state:

1. We are aware that the interests and needs of the people should come before personal and group ambitions and that there is no justification whatsoever to obstruct progress and the democratic aspirations of the Nicaraguan people based on the holding of free elections in 1996.

2. We hold the branches of government responsible for the crisis and call on them to show their political goodwill and commitment toward the common good by adopting constructive positions inspired by patriotism and good sense. They must begin by suspending all actions that might worsen the crisis and that can remove us from a solution.

3. We commit ourselves to directly participating in the solution of problems by presenting the branches of government with the following proposal, which responds to the interests of the nation:

A. We ask the president of the Republic to enact the constitutional reforms, thereby strengthening the legal order and the state of law as the foundations for the nation's economic and social development.

B. We offer to [three-second break in reception] the reforms in the following aspects:

1. To ratify the appointment of the recently elected Supreme Court magistrates.

2. To create the Supreme Electoral Council following a negotiation among the branches of government.

3. For the creation, adjustment, or elimination of taxes, and, in order to obtain international resources, as well as to pass laws that can benefit the nation, negotiations should be held among the branches of government before the National Assembly approves the respective bills.

4. To contribute to detente, the prohibition to appoint relatives as public officials as established in Article 130 of the reformed Constitution will be upheld until the conclusion of the current presidential term. The principle of no reelections and no nepotism shall remain in effect.

4. [as heard] Our commitment to the Nicaraguan people to find a solution to the crisis is not limited to the presentation of this proposal, but we will promote all actions within our ability until we have again obtained the stability and institutionality the current conflict has taken away from the people.

Signed at the Fundemo [expansion unknown] Headquarters in Managua

[Dated] 22 May 1995

[Signed] Arnoldo Aleman, Liberal Alliance; Adolfo Calero Portocarrero, National Conservative Party; Fabio Gadea Mantilla, Nicaraguan Resistance Party.

## Panama

### Workers Say Strike 'Successful,' Government Disagrees

*PA2305214395 Panama City ACAN in Spanish 1840 GMT 23 May 95*

[FBIS Translated Text] Panama City, 23 May (ACAN-EFE) — The general strike called for by approximately

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40 labor organizations to protest the proposed Labor Code amendments was regarded as "a complete success" by the unions and as a failure for the government, which stands firm in its decision to "update" the labor legislation.

The stoppage was particularly effective in the construction and banana sectors, which employ some 80,000 workers. In Panama City, there were innumerable traffic jams and other incidents. Thousands of employees had to walk to work.

Stores saw their activity decreased after opening for business with some delay for the few customers who managed to get to the center of the city, which was blocked for hours by a demonstration staged by the strikers.

Genaro Lopez, secretary general of the Single National Union of Construction and Related Workers [SUNTRACS], regarded the strike as "successful." According to Labor Minister Mitchell Doens, however, 70 percent of the country's activities were carried out normally.

The biggest problem occurred in Panama City, where groups of students blocked traffic at various key city intersections for several hours and threw rocks at vehicles and stores. In Colon City, on the Caribbean side, the riot police repressed groups who demanded that stores be closed, newsmen reported.

According to SUNTRACS, most of the workers at the multinational U.S. banana enterprise Chiriqui Land Company in Chiriqui and Bocas del Toro provinces on the border with Costa Rica heeded the call to strike.

According to the media's assessments, work was carried out normally in the rest of the country.

President Ernesto Perez Balladares, who worked as usual, said that confrontation among Panamanians must be left behind and that the majority of the people reject methods like declaring a strike. Regarding the slight incidents early in the strike, the president reminded everyone that the right of each citizen ends where those of his fellow citizens begin to be violated. He invited the labor unions to join the government's concerted effort.

The more than 60 amendments proposed by the government include labor mobility (changes of shift, position, and work center by employers), the possibility of cutting salaries if the enterprise submits proof of economic duress, and changes in the compensation system due to contract rescission.

Another reform penalizes sexual harassment even with dismissal. The number of workers required to create a union is reduced from 50 to 40.

The labor federations that oppose the reforms believe that labor mobility and the compensation system are their main concerns because they cancel "conquests" obtained after years of struggle.

These Labor Code amendments are currently discussed by a tripartite commission made up of government, employer, and union leaders who do not oppose them. The debates are endorsed by the United Nations, the International Labor Organization, and Panamanian universities.

Presidency Minister Raul Arango said that the reforms will stand and that "the government will not back down." He called on the strikers to reconsider and seek a consensus on the changes proposed for the present legislation.

Labor Minister Doens invited the labor federations to hold an open dialogue to find consensus formulas about updating the labor-management relationship. Doens reported that groups of strikers intimidated bus drivers, who were forced to either take alternate routes or go back to their terminals.

Labor leader Lopez said that the strike was "completely peaceful." He charged the government with "intransigency and arrogance," and said that the government responds to the interests of the private enterprise and international financial organizations. He warned that the workers are determined to struggle "to the last consequences" if the government goes ahead and approves the reforms through the Legislative Assembly. Lopez said that they could go as far as to declare a general strike for an indefinite time.

### Labor Minister Calls Workers Strike 'Complete Failure'

*PA2405040395 Panama City Circuito RPC Television in Spanish 2300 GMT 23 May 95*

["Exclusive" interview with Panamanian Labor Minister Mitchell Doens by Hugo Enrique Famania on 23 May; place not given; from the "RPC Television News" — recorded]

[FBIS Translated Text] [Doens] According to our reports, things are normal in the country, except for at the banana plantations, where the strike may have had some effectiveness. Here in the city, I think the labor movement has deteriorated quite a bit because of the traffic jams, which adversely affected people who actually disagree with the strike.

[Famania] Was it a success or a failure?

[Doens] I think it was a complete failure by those who are trying to avoid discussions on the modernization of the labor laws. It was a strike that has been a failure

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because the workers never responded to the call for a concerted effort and dialogue.

[Famania] They called this a warning strike. What warning has the government received on the Labor Code reforms?

[Doens] The warning we have noted is that there is a weakness. They have no arguments, they continue to base their calls on falsehoods. They have disregarded the government's proposal and the proposals made by the Legislative Assembly.

[Famania] What about the possibilities for an indefinite strike, which they have been announcing?

[Doens] I think it would be suicide for them to call an indefinite strike after this experience.

**President Reiterates Call for Dialogue on Labor Reforms**

*PA2405035895 Panama City Circuito RPC Television in Spanish 2300 GMT 23 May 95*

[Report by Alexander Calderon from the "RPC Television News" newscast]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares reiterated his call for dialogue to reach a consensus on Labor Code reforms.

While inaugurating an electricity project in El Chumical, Arraijan, Perez Balladares said the striking workers should join a national concerted effort to modernize the Labor Code.

[Begin Perez Balladares recording] The times of confrontations, street closures, and clashes among Panamanians must be left behind. A vast majority of the Panamanian people rejects these methods and demands maturity and respect for their leaders. [end recording]

Government and Justice Minister Raul Montenegro said the workers who oppose the Labor Code reforms imposed anarchy today with street closures and other protest actions that prevented most people from getting to work.

[Begin recording] [Montenegro] The tolerance shown by the government in this phase should not be misinterpreted, because we are here to guarantee the rights of the entire population.

[Reporter] What is the government going to do to avoid these types of traffic jams?

[Montenegro] You remember what General Omar Torrijos used to say? Blows are dealt which are never announced. [end recording]

After inaugurating the electricity project in Arraijan, the president, the government minister, and other government officials inaugurated a salt water shrimp breeding center in the port of Vacamonte, a project financed by the Taiwan Agriculture Mission in Panama.

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## Argentina

### Menem, Cavallo Urge Governors To Put Finances in Order

*PY2405015395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2059 GMT 23 May 95*

[FBIS Translated Text] Buenos Aires, 23 May (NA) — Following a meeting between the head of state and governors on 23 May, Interior Minister Carlos Corach reported that President Carlos Menem had urged Justicialist governors to "definitely put the finances of their provinces on a sound footing" through a further adjustment of provincial economies.

Concern about the situation in which the provinces will find themselves during his second term of office, which begins on 8 July, is uppermost in the president's mind.

Addressing some 10 Peronist governors, Menem underscored the fact that "the provinces must once and for all put their houses in order through a fiscal balance that will enable them to be better prepared for facing the new stage that is to begin on 8 July."

The holder of the interior portfolio was one of the ministers who put in an appearance at the press room of the Olivos presidential residence to report about the progress of the meeting between the president and the majority of Peronist governors.

In the course of the meeting, Menem insisted on the need for further belt-tightening in the provinces, although he also congratulated the governors on their resounding victory at the polls on 14 May and encouraged them to "continue with the efficient administration of their provinces."

Economy Minister Domingo Cavallo, Defense Minister Oscar Camilion, Secretary General of the Presidency Eduardo Bauza, and Vice President-elect Carlos Ruckauf participated in this meeting together with the interior minister.

Also attending the meeting were the following governors: Eduardo Duhalde (Buenos Aires Province), Ruben Marin (La Pampa Province), Ramon Ortega (Tucuman Province), Nestor Kirchner (Santa Cruz), Rodolfo Gabrielli (Mendoza Province), Mario Moine (Entre Rios Province), Bernabe Arnaudo (La Rioja Province), Adolfo Rodriguez Saa (San Luis Province), Oscar Perasso (Jujuy Province), and Juan Schiaretti, the Santiago del Estero Province trustee.

During the first part of the meeting — which began at 0915 local time — the head of state took the matter of adjustment up with the governors. After an hour, he handed the meeting over to Cavallo.

According to what Corach told the press, the economy minister held "a private" talk with each of the governors present to analyze "the economic and social situation of each of the provinces."

The interior minister made it clear that during the meeting with the president, "no concrete evaluation of the provinces that have a fiscal deficit was made" because the president "preferred Cavallo to hold a private talk with each of the governors."

It was leaked that the economy minister intended to call upon governors to undertake a total overhaul of their provinces' public administration.

Corach, for his part, emphasized that "none" of the governors "raised any objections" to the request for further tightening of the purse strings in the provinces, adding that "there are some provinces that are not complying with the Federal Fiscal Pact.

Having reported that Cavallo, in his talk with the governors, broached the subject of [illegible]rivatization of government-owned enterprises," the interior minister underlined that "they did not evaluate the possibility of renegotiating the provisions of the Fiscal Pact."

"They discussed the national economic situation and the future development of the provinces, and they made a political analysis of the results of the 14 May elections," he said.

While conceding that "there are difficulties in the payment of wages" in several provinces, the interior minister asserted that none of the governors present at the meeting "requested the federal government to advance them the funds that are allocated to them by virtue of the revenue-sharing scheme."

After being in the meeting for an hour, Rodriguez Saa left the Olivos residence. This gave rise to some speculation about a possible disagreement between Cavallo and the San Luis governor.

Corach categorically denied these reports, saying: "That is absolutely false."

### Foreign Ministry on Walters Proposal for Falklands

*PY2405015095 Buenos Aires TELAM in Spanish 1957 GMT 23 May 95*

[FBIS Translated Excerpt] Buenos Aires, 23 May (TELAM) — The Foreign Ministry today reacted cautiously to a proposal made by Alan Walters, former chief of the British economic cabinet, saying that Argentina should pay compensation to Malvinas Islands inhabitants to obtain the archipelago's sovereignty.

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"The Argentine Government has not made any proposal or taken up Walters' idea," Foreign Ministry Secretary General Andres Cisneros said.

The diplomat added that "we have simply received the initiative coming from the British side. We have taken it as just another element that some day might be used in a negotiations package."

During an interview with the newspaper LA PRENSA, Alan Walters said that the "Malvinas Islands could become Argentine tomorrow," although he added that "things are very slow in diplomatic circles." [passage omitted]

Cisneros told Radio America that "the return of the Malvinas Islands sovereignty will be the result of long negotiations with the British crown, not too many years from now."

"There are important elements in the negotiations package, such as the Argentine Constitution's recognition of the islanders' right to maintain their way of life, their nationality, and their loyalty to the crown," Cisneros said.

The official added: "If the islanders or the British crown understand that they must demand some type of payment or economic compensation, they will do so at the appropriate time and the Argentine Government will take it into account."

Cisneros said that Walters "spoke as a private citizen," adding that the sum he mentioned was "50,000 pounds, or approximately $75,000."

"The amount will not decide the issue because we are not talking about a real estate operation, but about economic compensation within a larger package dealing with the islanders' more basic values, such as their way of life and their language," the Argentine official said in conclusion.

## Government Plans More Cuts If Revenue Goals Not Met

*PY2405020095 Buenos Aires LA NACION in Spanish 23 May 95 Section 2 p 1*

[Report by Claudia Boragni]

[FBIS Translated Text] The government plans more public spending cuts if expected revenue goals are not met, "but we are not going to request any waiver from the IMF."

Economic Programming Secretary Juan Llach denied press reports that the economic team was "negotiating" a waiver [preceding word in English] with the IMF "because of the impossibility of fulfilling the fiscal surplus goal agreed upon with the IMF for the second quarter of the year."

"The report is not only false; it is the worst thing Argentina could do at this time," Llach said, stressing "the very important financial support" received by the country as a result of the agreement with the IMF.

The government adjustment measures, implemented to face the country's financial problems and the liquidity crisis provoked by the Mexican crisis, were praised by IMF Managing Director Michel Camdessus, who characterized them as "timely and a great service to the world in general."

Camdessus' words were welcomed because the government faces some difficulties to fulfill the second quarter fiscal surplus goal, a problem recognized by the government.

### Goals

Argentina agreed to realize a fiscal surplus of 2 billion pesos during 1995, without counting the proceeds from privatizations. This money will be used to pay part of the public debt principal.

The goal for the second quarter is a surplus of 425 million pesos.

From now on the goal is to fulfill the terms of the agreement with the IMF, no matter what.

Hopes are concentrated on the latest measures:

— The temporary 3 percent increase in the value added tax [VAT], which climbed to 21 percent. The government expects to collect 2 billion pesos with this measure;

— The broadening of the base with regard to the number of people who pay the VAT and profit taxes;

— The broadening of the taxable base and the reduction of taxes on patrimonies;

— The tax moratorium and a number of minor measures, particularly in the area of social security. Economy Minister Domingo Cavallo expects to obtain another 2 billion pesos with this measure.

The World Bank and the Inter-American Development Bank disbursement of $1.25 billion will give the government enough maneuvering space to begin implementing provincial public reform programs.

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### Chamber of Deputies Overrides 10 Articles of Patents Bill

*PY2405035595 Buenos Aires TELAM in Spanish 0149 GMT 24 May 95*

[FBIS Translated Excerpt] Buenos Aires, 23 May (TELAM) — On the evening of 23 May, the Chamber of Deputies confirmed the Senate's decision to override 10 of the 16 articles of the Patents Bill that had been vetoed by the executive branch. It thus left the door open for the enactment of new legislation on the subject.

The Chamber of Deputies, sitting in plenary session, followed in the footsteps of the upper chamber by accepting the objections the president had raised to six articles, including Article 42, which established that inventions had to be necessarily made and exploited within the limits of the Argentine territory.

The Chamber of Deputies managed to muster the support of the Justicialist Party, the Radical Civic Union, and the Front for a Country in Solidarity in order to obtain the necessary two-thirds — provided for in the Constitution — to override the president's veto.

Following several speeches, the lawmakers finally voted at around 2230 local time. The motion was carried by 134 votes to two, with eight abstentions.

The following are the articles overridden by Congress: Articles 36, paragraph c; 44; 46; 47; 50; 104; 105; 91; 94; and 97. On the other hand, Congress accepted the presidential veto of the following articles: Articles 7, paragraph 6; 37, 42; 43; 65, paragraphs d, f, h, and g; and 102.

One of the most important articles the legislative branch overrode this evening is Article 102, which stipulates that in order to facilitate the retooling and adaptation of Argentine pharmaceutical companies, the new patents law providing for the payment of royalties to the inventors of pharmaceutical products will only come into operation as of the year 2003.

Despite the fact that the vote in Congress resulted in the overriding of this article, the Justicialist bloc pledged the government to enacting a corrective bill shortening from eight to five years this transitional period for the pharmaceutical industry before the law actually becomes effective.

The lower chamber, however, did not override Article 42, the one the executive most questioned in the Patents Bill, which obliged companies to produce, exploit, and market their inventions in Argentina. [passage omitted]

## Bolivia

### Creation of 'Broad Front' To Face 'U.S. Ultimatum'

*PY2305185795 Santa Cruz EL MUNDO in Spanish 3 May 95 p A13*

[FBIS Translated Text] The Free Bolivia Movement (MBL) has proposed the creation of a "National Broad Front" comprising all political forces, businessmen, and institutions in general to study and find urgent ways to answer the U.S. ultimatum to eradicate 1,750 hectares of coca by 30 June 1995.

MBL Deputy Erwin Saucedo said this would be a movement toward a spiritual disarmament that should be created as soon as possible because "policy-wise, this is a good moment."

Saucedo added that the proposal is a step toward the so-called Political Summit "because the country expects dialogue between the government and the opposition. We are in the final countdown of the ultimatum and we must avoid any division away from unity."

He admitted there is arrogance on the part of the government, while the same behavior can be seen within the opposition. Saucedo called on the parties to adopt the attitude needed for the spiritual disarmament proposed to create the National Broad Front.

Saucedo said: "Rigid positions should be made flexible at all levels. Labor sectors like the teachers, where radicalized sectors exist despite the act of understanding signed with the government, must ponder on it."

He advocated a flexible position by the teachers "and also by the government. There cannot be winners on both sides because the people should benefit."

Saucedo said Bolivian democracy had been internally and externally beleaguered that but now, following the state of siege and the agreement reached [with the Bolivian Labor Federation], the only remaining problem is international U.S. pressure. He said this is why we must unite our efforts and seek a common answer for the U.S. Government.

### Finance Minister: All Economic Targets Except Inflation Met

*PY2305174295 La Paz HOY in Spanish 6 May 95 p 8-9*

[FBIS Translated Text] Bolivian Finance Minister Fernando Cossio has stated that all targets related to the fiscal deficit, monetary policies, the exchange rate, domestic credit, and reserves, have been met.

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One third of the way through 1995, the administration has evaluated the economic situation.

Cossio said the administration believes key economic indicators show the situation is on the right track, although he did not provide details.

Representatives of the National Development Council (Conade) told the president that the first quarter of 1995 has been positive.

All indicators are positive, except for inflation which rose to 1.55 percent in April, 0.62 percent more than in March.

Cossio said all targets related to the fiscal deficit, monetary policy, exchange rate, and reserves — all of which are under constant supervision — have been met.

Even though inflation is not a target but a result, the minister said it is "somewhat high" because seasonal increases of tomatoes, bread, pharmaceutical products, and the scarcity of sugar have pushed it up.

Government officials claim this situation will change following the sugar crop that has began in eastern Bolivia. They believe inflation will drop in May.

The finance minister said there is no point in analyzing if inflation is above or below expectations, one should look at the picture for the entire year.

The National Institute of Statistics (INE) has reported that this year's accumulated inflation through April is 3.92 percent, 2.58 percent less than what the administration expected this fiscal year.

The accumulated inflation for May 1994 through April 1995 is 10.81 percent.

The finance minister reported that the first quarter yielded a fiscal surplus; that the exchange rate chosen to keep the boliviano competitive was maintained; that reserves are enough to cover four and a half months of imports; that the level of banking deposits was maintained — in fact, they increased by $99 million dollars in the first quarter; while inflation was the only indicator to have risen.

**Minister Evaluates Capitalization Process**

*PY2305213395 Cochabamba LOS TIEMPOS in Spanish 6 May 95 p A2*

[FBIS Translated Text] La Paz, 5 May (LOS TIEMPOS) — By the end of this year, the government will capitalize and privatize the six largest state companies in order to concentrate on the reform of the social security system in 1996, in "close cooperation" with the Bolivian Labor Federation.

This comment was made by Capitalization Minister Alfonso Revollo in Government House, where he met with President Gonzalo Sanchez de Lozada to brief him on the capitalization process of the main state companies.

Revollo said that the social security reform will be carried out with the resources obtained from the capitalization of six state companies, with foreign partners, which will be distributed to all Bolivians through the mechanisms of the private pension fund system. Therefore, the social security reform will be implemented next year.

According to Revollo, the capitalization of the National Railway Enterprise, Enfe, is moving "along well" because the Bolivian proposal to divide Enfe in three companies is being considered and evaluated by the investors. He said that after Enfe is capitalized, it will become a profitable company and not one operating with a deficit, as is presently the case.

Revollo also said that the bidding for the capitalization of Entel [National Telecommunications Enterprise] will begin on 31 May of this year with the opening of "envelope number one." Enfe will be awarded to the highest bidder in October. The next step will be to capitalize the Vinto Smelting Enterprise, (former Enaf) [National Smelting Enterprise], and finally the Bolivian Government Oil Deposits (YPFB).

Revollo denied that the social conflicts had a negative impact on the capitalization process because there is great interest on the part of foreign businessmen to invest in the six state companies.

Revollo said: "I don't think so. The companies that bid for the capitalization of ENDE [National Electricity Enterprise] are the biggest in the world. Therefore, I believe there is a desire to invest because the government is acting with responsibility, with a coherent economic policy that includes a broad social program."

**La Paz Prefect Announces Birth of New Party**

*PY2305161895 La Paz PRESENCIA in Spanish 26 Apr 95 p 7*

[FBIS Translated Text] La Paz Department Prefect Julio Mantilla held a news conference to announce the birth of his new political party, the Movement for the Hinterland [Movimiento Patria Profunda, MPP]. The MPP symbol is "Pacha" [preceding word in Quechua] and its colors are green, blue, and red. The national leader of the MPP is Jorge Escobari Cusicanqui, who explained that the new party wants to bind the country together, not only physically but also culturally, and that it will fight corruption and the drug trade, which are hampering Bolivia's development.

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Manitilla stated that MPP members firmly believe in popular participation, which is a revolutionary approach seeking the fair distribution of economic resources. He added that he is in favor of the educational reform, and announced that he will run for mayor of La Paz in the upcoming elections, because many of the projects that he has launched must be concluded.

**Popular Participation's First Year Accomplishments**

*95SM0329A La Paz HOY in Spanish 20 Apr 95 p 3*

[First paragraph is HOY introduction]

[FBIS Translated Text] It is not yet an adult, it does not walk with a steady step, but it has stopped crawling and is now moving ahead on its own. Popular Participation, considered the second phase in the national revolution, is beginning to cease being a project and is becoming a reality. The president will cut the Birthday Cake today, and all of us will get a piece of it.

On its first anniversary the Popular Participation Law is a project "on the move" and next December it will undoubtedly reach adulthood, with the election of new mayors in the more than 300 municipalities created by this legal instrument, Carlos Hugo Molina, the organization's national secretary, said yesterday.

The first anniversary of the promulgation of the Popular Participation Law is being marked with a week-long series of events.

Yesterday, meeting with the press, state officials, representatives of international organizations, media owners and journalists, Molina presented the results achieved to date and projections for the future.

Molina said that one of its most striking aspects is "a recent observation, while traveling through our national territory, that for the first time the population's appreciation is apparent, for they see with astonishment that they do have resources, that projects are being carried out, and they now have hope that their communities may be in the process of development."

He reported that since the implementation of this law, legal status has been granted to 2,600 campesino or indigenous organizations, and another 7,000 are in the process of being registered.

He added that bylaws and regulations are being prepared to register 7,500 local councils which are not now legally in existence, and he announced that by 30 April they will have all the operational plans for each local government.

**Community Participation**

The Department of Ethnic Affairs reported that it has conducted an in-depth study of the lowlands this year so they can be brought into the Popular Participation process, which seeks to improve living standards by providing access to education, health care, and basic sanitation services with community participation.

It has been announced that the completion of an indigenous census is in its final phase. This will allow demographic information to be amended to include the ethnic population and municipalities.

The official emphasized that union organizations like Cidob [Indigneous Federation of Eastern Bolivia] have provided great support in achieving these objectives.

Both Secretary of Health Joaquin Monasterios and Secretary of Education Juan Martinez agreed that Popular Participation is allowing these services to reach a greater number of village residents with the assistance of their communities.

Then Minister of Sustainable Development Luis Lema Molina pointed out that Popular Participation is related to Administrative Decentralization, but he said that ultimately it is more important because of its social character.

Finally, Minister of Social Communications Ernesto Machicao acknowledged that some mistakes have obviously been made, and that along the way they will be corrected, especially in the areas that deal with the investment of resources and prioritization of projects, and above all, oversight of these projects.

**Growth of Rural Areas**

On the growth of rural areas, Popular Participation's national secretary said that while during this first year growth has been halting, a better future can be foreseen for everyone.

"This is the second part of the national revolution for a variety of reasons, because municipal governments are no longer in oblivion; Popular Participation has fully and effectively come to their rescue and offered to include them by giving them legal standing."

The national revolution called for equity and justice in the distribution of resources, and the Popular Participation Law is doing that, he claimed.

He added that it would be unreasonable to say that it is possible to overcome all problems in such a short time, but he said that the indicators are showing the course to follow.

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In this context, he said that his desire, when years have gone by, is that this process will continue.

That is why he announced that today the president of the republic, Gonzalo Sanchez de Lozada, in a meeting with over 150 mayors from all over the country, will symbolically cut a cake and give one piece to each of them.

**Many OTBs Created in One Year**

The national secretary of Popular Participation, Carlos Hugo Molina, reported that as of April 1995, all over Bolivia 6,422 applications to establish OTBs [Basic Territorial Organization] had been filed, and 2,684 have been accepted. Of these, 2,138 now have legal status.

Popular Participation's results mean that by 31 December 1994, the National Treasury had disbursed 98 percent of the revenue-sharing resources, and had opened 305 fiscal bank accounts for municipal governments.

The provisional transfer of sector infrastructure has been carried out, 98 percent of it in the fields of health care and education through agreements signed with the departments of Santa Cruz and Cochabamba.

On the transfer of association projects, the report says that 56 percent have been carried out, 13 percent remain under the administration of regional associations, and 31 percent were eliminated by municipal governments.

The results achieved by December 1994 also indicate that 90 percent of the population have been informed Popular Participation's benefits, and over 60 percent of the people support it.

**Expectations for 1995**

The Popular Participation Secretariat expects that by 31 December 1995, nine departmental committees will be in full operation and 50 percent of the conflicts on boundary limits will have been resolved.

It is also expected that 684 billion bolivianos of tax revenue sharing will be transferred to the 308 municipal governments. Approximately $2 million in financing has been pledged for projects. The funds are coming from the World Bank and the National Treasury.

Moreover, project proposals have been submitted to international cooperation agencies for approximately U.S. $8.7 million. These are projects for technical assistance, OTB training, municipal improvements, etc.

**Expectations for 1996**

Some of the results expected by December 1996, according to the report presented by the Popular Participation Secretariat, are that 50 percent of the municipalities delimited and defined geographically, and their reformed plans, will be in Congress awaiting approval.

The boundary-limits problems should have been resolved by working together, and 100 percent of the municipalities should be districted. Resources of about 753 billion bolivianos are expected to have been transferred to the 308 municipalities, 100 percent of the OTBs should have legal status and be consolidated, and all the oversight committees should be operational.

**1995 for Solving Problems**

The Ministry of Sustainable Development, working through the National Popular Participation Secretariat, predicts that this year the problems of territorial delimitation and demarcation will be definitively resolved.

Some of the major problems identified in this area that need to be resolved by Parliament involving solely delimitation are: Cochabamba-Sacaba, Santa Cruz-Cotoca, Camiri-Charagua, La Paz-El Alto, etc.

In addition, there are problems arising from the law itself, which refers to seven capitals of first sections which were not capitals of departments, and port jurisdiction.

It has been made clear that these issues must be resolved before May so they may continue to be electoral seats.

In June and throughout the rest of this year it is also planned to move ahead with departmental districting and the creation of communities.

**Decentralization**

Through Popular Participation, it is planned that municipalities will channel relations with the national government through the prefectures for administrative actions, and through the Departmental Council for development actions that will be handled by the Decentralization Law.

In addition, the Organic Municipal Law will be amended to comply with these new changes by working with the municipal governments.

Another task to be carried out this year is a study of the debt capacity of the municipalities in order to focus municipal public investment and avoid imbalances in fiscal equilibrium.

In other areas, in 1995 the Popular Participation Secretariat will work on metropolization and nunicipal interrelations with large cities, promoting the signing of agreements between large cities with smaller cities, and providing support for productive municipal management.

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There are also pilot projects dealing with relations among producers associations, OTBs, and their own associations, in order to include the productive dimension in these participation plans.

## Brazil

### Government Voices 'Satisfaction' Over Sale of ESCA

*PY2405023295 Sao Paulo AGENCIA ESTADO in Portuguese 2311 GMT 23 May 95*

[FBIS Translated Text] Brasilia, 23 May (AE) — Planalto Palace has expressed satisfaction over information received from the market that control over ESCA [Automation and Control Systems Engineering] is being sold to a financial group, noting that "with the appropriate buyer, it will be the best solution for the country, because it will preserve the enterprise's technological assets." ESCA was chosen to operate the Amazon Region Surveillance System (Sivam), but the charges that the enterprise defrauded the INSS [National Social Security Institute], and the discussion about the lack of a government tender for awarding the contract, stalemated the project.

### Minister: Sivam Can Be Operated by Foreign Companies

*PY2405023995 Sao Paulo AGENCIA ESTADO in Portuguese 0002 GMT 24 May 95*

[FBIS Translated Text] Belo Horizonte, 23 May (AE) — Aeronautics Minister Mauro Gandra today said that the federal government maintains its "firm determination" to implement the Amazon Region Surveillance System (Sivam), despite the risk of putting aside ESCA [Automation and Control Systems Engineering], which has participated in the project, and which has been accused of owing debts to the Social Security Institute. According to Gandra, if it is necessary to find another enterprise, the government is willing to choose even foreign enterprises. "There is no restriction on signing a contract with foreign enterprises. If there are problems with ESCA, we will sign the contract with other enterprises," he said. The minister emphasized that the process can be performed without a tender, because the Defense Council did not make a tender in the first place, and can do the same thing again. "If necessary, the council will be summoned again. This is the president's idea," Gandra said.

### Discord Within Cardoso Cabinet Discussed

*95SM0321A Sao Paulo VEJA in Portuguese 26 Apr 95 pp 36-39*

[Unattributed article: "The Motta Earthquake"]

[FBIS Translated Text] It fell to President Fernando Henrique Cardoso's best friend to produce the government's biggest embarrassment to date. Last Tuesday, Minister of Communications Sergio Motta met for three hours with 80 PMDB [Brazilian Democratic Movement Party] legislators. He had gone there to explain the constitutional changes in telecommunications, but took advantage of the chance to spend hours praising the administration. At one point, invited by one of the deputies to assess the Executive Branch's performance in the social needs area, Motta talked for only 10 minutes—but the result was like a thunderclap. Motta, whose nickname among friends is "Serjao" *[Big Sergio]*, began by saying: "I want to make an accusation as a citizen, not as a Cabinet minister." He then lambasted the work of Community Solidarity, the government's social program headed by First Lady Ruth Cardoso, and criticized the education and health ministers. He said that Minister of Education Paulo Renato Souza has "pure gold" in his hands but runs "a pachyderm" of a ministry. He called for "aggressiveness" from Minister of Health Adib Jatene, after saying that public health in Brazil can be described as "an unholy mess." In closing, he said that Community Solidarity has replaced concrete actions with "sociological masturbation." "That infuriates me," he said.

The minister left Congress convinced that his presentation had been clear and positive. It was not until late afternoon that he began to get unpleasant signals. Minister of Education Paulo Renato called up to ask: "Sergio, some reporters here are saying that you have been criticizing everyone. What's going on?" Motta denied he had said what he said, complained that his words had been taken out of context, and asked the minister to deny everything. Paulo Renato obtained a copy of Motta's statements and, when talking on the phone with the president in New York, said he had not felt maligned by the communications minister's comments.

#### 'Congratulations, Minister'

The next morning, Motta got a phone call from the president's chief of staff, Francisco Grazziano, who was accompanying Fernando Henrique on his U.S. trip.

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"The president is going to issue an official note on the incident through Sergio Amaral. The note is not a reprimand," said Grazziano. "But the president needs to say something for two reasons. One, this sort of thing must not happen again. Two, were he to keep silent, the administration would run the risk that other ministers will start saying things about ministries other than their own." After the note, which reminded people that "the president is the one who speaks for the administration" was released, Motta spent the day on damage control. He phoned Jatene and spoke again with Paulo Renato. He explained that in criticizing Community Solidarity, the first lady was not his target. "I was trying to talk about Anna Peliano," the minister told a friend, referring to the sociologist who takes care of the program. And he added: "I talked to Ruth. She, too, is bothered by the lack of action." Because this had been an official meeting in Congress, which customarily records such proceedings, there was a tape of the minister's statements. The PMDB decided to release it, but not until after consulting Motta. The criticisms are all there, in their proper context.

The president knows that of all his aides, Motta is the most frank and enthusiastic defender of the administration. An unusual minister who has no political plans of his own, Motta, with his suspenders spanning his immense stomach, works harder than anyone to make FHC a success. During the election campaign it was Motta who solved all the problems—from pins to airplanes, from pennies to millions. Fernando Henrique also knows the minister is an extremely loyal aide and would be the last person to betray him. Friends for three decades, the two are even partners in a ranch in the interior of Goias state.

The worst news for the administration is that Motta is telling the truth. On Thursday, the minister was praised in a note from the PSDB [Brazilian Social Democracy Party] delegation, over more than 20 signatures, entitled "Congratulations, Minister, for the self-criticism of the administration." Motta insists he has already heard Fernando Henrique himself utter most of the criticisms that he leveled at the meeting. He was sure about what he said and knew he was not talking only on his own behalf. Because of the defeats the administration has suffered in Congress, the malfunctions in its political compass, the Esplanade of the Ministries is now a scene of few delights, lots of frustration, and various intrigues.

For example, it was not mere chance that Sergio Motta urged "aggressiveness" in the field of health. So far, Jatene's biggest achievement has been paying off the R1 billion in debts to private hospitals that was inherited from the Itamar administration. After showing concern for the financial health of the hospitals, Jatene started worrying about the doctors' wallets. The minister even justified the practice of public health system doctors who charge their patients "off the books," which is like a police officer deciding not to go looking for a stolen car until the victim promises him a reward. Jatene is viewed by his enemies in the Cabinet as a politician who is more interested in preparing the next step in his own political career, such as running for mayor of Sao Paulo in 1996, than he is concerned about working with others to see that the administration does well. Before Jatene was sworn in, PFL [Liberal Front Party] President Jorge Bornhausen, who had worked with Jatene in Fernando Collor's last cabinet, warned Fernando Henrique that bringing him into the administration was a mistake. "He talks a lot, but does little," Bornhausen warned. The president did not listen at the time, but has since been heard to say in Brasilia that Bornhausen was right.

**'People Dying'**

The Education Ministry is headed by a man who is brimming with new ideas. At the beginning of the school year, the administration launched a campaign entitled: "Wake up, Brazil! It's time for school!" This was an idea that publicist Nizan Guanaes had tried unsuccessfully to sell to then-Governor Luiz Antonio Fleury of Sao Paulo. Besides "Wake up, Brazil!" Paulo Renato introduced a proposal to abolish college entrance examinations and even signed a provisional measure setting up a test to be given to new graduates to assess the quality of university education. It caused such confusion that now no one knows what happened to that plan. In his favor, Paulo Renato can cite the initiative to send MEC [Ministry of Education and Culture] appropriated funds directly to the schools, an effort necessary to circumvent the profiteers. But so far, he has not come up with anything useful to improve basic instruction, or even to strengthen the public schools that the government has an obligation to take care of.

Not only has Community Solidarity not left the drawing board—it has become a headache. The old LBA [Brazilian Welfare Legion], with its 9,000-employee megastructure and long list of improprieties, at least distributed food baskets and milk. Under the Itamar administration, it was replaced by the Food Security Council, Consea, which allied itself with Betinho's antihunger campaign and last year was able to distribute, in the northeast alone, 10 million food baskets. Community Solidarity is much more generous. It wants to provide food, schools, medical and dental care, sanitation, and clean drinking water. The problem is that so far it has not even been able to do as much as the old LBA. With those facts in mind, Motta told the PMDB that "people may be dying because of political incompetence." In the program that

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praised FHC it says that Community Solidarity would get a $4 billion chunk of the budget. No sign of the money so far, and no one believes it will get even half that sum between now and the end of the year.

**'I Can't Stand It Any More'**

At Social Security, the first battle the administration lost in its war for reforms, one person has been seriously wounded. After discovering that the reform is unpopular, the administration decided to play dead and give the impression that the subject was the sole responsibility of Minister Reinhold Stephanes—not a Planalto Palace idea. On Tuesday, the day before passage of a bill raising the minimum wage to 100 real a month, Stephanes was a beaten man. He fought with the administration's delegation, which had postponed the first vote on the reform without advising him. He fought with the opposition, which wanted the 100-real minimum but refused to raise the Social Security contribution rate. He was furious when legislators from his own party, the PFL, made him a humiliating offer—renounce his special retirement benefits as prosecutor, as if he were the only person in Brasilia taking advantage of this benefit. In Congress, he told a friend in exasperation: "I'm tired of this. I am perhaps the most exposed person in this administration, and still they want me to give up my retirement benefits. I can't stand it any more."

While he occupied the Office of President for five days, Vice President Marco Maciel also made a fool of himself. Sergio Cutolo, president of the Federal Savings Bank, wanted Maciel to sign off on the bank reform, abolishing 21 of its 27 superintendencies in the states. Because the reform would eliminate the superintendency in his home state of Pernambuco, Maciel backed off. "I would rather let Pedro Malan see this plan first," he said in a phone call to the bank president. "It would also be better for the president to sign it." Cutolo reported that both Malan and Fernando Henrique knew about the plan. "Even so, I would rather it be done next week," Maciel said, ending the conversation. Thursday, even Minister of Planning Jose Serra joined the fray to insist that the bank reform will indeed go ahead and that the incident between Maciel and Cutolo was only a misunderstanding.

**'It Is Chicanery'**

Disputes are flaring up in other places. Three tucano ministers are upset with Clovis Carvalho, chief of the civilian household, who controls the timing of their meetings with Fernando Henrique. "All we can do now is to call up Alvorada Palace on the weekends and practically invite ourselves to dinner or over for coffee. That is the only way we can get a chance for any meaningful exchange of ideas with the president," one of them said. Last week, Parana Deputy Paulo Bernardo from the PT [Workers Party] accused former Finance Minister Ciro Gomes of having fabricated a surplus before leaving his post by putting off R3.6 billion in expenses until the current administration. The charge was unfounded. Actually, the last government did not spend the whole budget, and 3.6 billion reais was left over. But Ciro Gomes, in exile at Harvard, didn't hesitate. "That PT deputy is nothing more than a ventriloquist's dummy for the one who is sitting in the chair at the Ministry of Planning. That is just plain chicanery," he said, accusing Serra. The planning minister not only refrained from making any charges, but he also had the figures explained in less than 24 hours. By being so hasty, however, Ciro Gomes made it clear that he is just waiting for rough roads and blunders so he can foment new clashes with the government.

In this atmosphere, Fernando Henrique has already remarked to at least one minister and a governor, both fine-feathered tucanos, that he plans to make some changes. According to the two, the idea is to make a move that, in chess, would be called a rook. The president would put Jose Serra in Pedro Malan's job as finance minister. He would move Clovis Carvalho to Serra's post as minister of planning. Last week's ruckus was unfortunate for this plan. In that operation, Sergio Motta would be the natural candidate for Clovis Carvalho's office as head of the civilian household, but now no one knows what will happen to him.

**[Box, pp 38-39]**

**The Pecking Order — The fight to find out who gives the orders, according to FHC.**

*During a break in his full schedule while in the United States, Fernando Henrique Cardoso gave VEJA a half-hour of his time last week. Following are the main subjects touched on by the president during the interview.*

**The Cabinet:** Sergio Motta stays in the Cabinet. He spoke out in the context of a defense of the administration, and the press picked out phrases that, taken by themselves, sounded aggressive. Even Paulo Renato, who supposedly was one of the ministers criticized, told me on the phone that Sergio Motta was defending the government. I haven't talked to Sergio to find out what he said. Now I've arranged for my spokesman to release an official note on the subject. I think he should limit his statements to issues pertaining to his own ministry, Communications, and refrain from commenting on the performance of his colleagues. There is a rumor going around that Sergio Motta speaks

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for me. That is not true. Serjao is very intelligent and intuitive, and that is why he takes liberties on some subjects; the news media thinks he is speaking on my behalf or that of the administration. The episode had no repercussions on my trip. It looks like the Americans already know about our civic penchant for creating confusion when the president is out of the country. I haven't heard any U.S. reporter ask about the "Big Sergio" [preceding two words in English] crisis. Pedro Malan is also staying in the government, of course. You see, while we were having dinner one evening here in the United States with Catarina, who is married to Malan, she told us what their house will be like in Brasilia. Speculations popped up in Brazil that Malan would go back to Washington. Because this administration is not given to putting on a show, you hear a lot of fairy tales.

**Reforms:** I have insisted in speeches and interviews that Brazil is undergoing thorough reforms. Some of them are complicated from the judicial and legislative standpoint. They are reforms that take time to take effect. The administration has not given up on constitutional reforms, as the news media in Brazil has been saying. What is happening is a definition of the pecking order. That's an expression used in social psychology to describe the struggle each person goes through to establish the boundaries of his territory. Congress pecks away, and so does the media, the government, businessmen, and so forth. Every administration starts out this way, with institutions testing themselves, trying to gain something. Everyone wants to see how much power they have. That is normal. I do not believe that Congress's agenda is different from that of the administration. The only time the Congress has a different agenda is when the administration cannot figure out what it wants. Our government has priorities. But those sectors of society that are for reform, which are in the majority, need to get organized and back constitutional changes. Support for the administration's reforms is disorganized.

**Investments:** In all their questions, U.S. businessmen, reporters, and investors really want to know just one thing: whether Brazil will go down the same road as Mexico. After we talk, they understand that the situation in the Brazilian economy has nothing to do with the Mexican one. Our numbers are good. I have proved to them that Brazil is a solid country. It is not just imports that have increased. Exports have also gone up. We have an excellent reserves position. I also showed them that capital goods, industrial machinery, and raw materials account for 70 percent of our imports. Colgate, I found out, wants to invest $1 billion in Brazil. I think my visit to the United States helped reverse the expectations of many U.S. businessmen as regards Brazil.

**Clinton:** I have persistently told President Bill Clinton that the traditional international mechanisms for treating the world economy, such as the IMF, the World Bank, and even the Group of Seven—institutions that grew out of the Bretton Woods agreements—are outdated. We need some way to provide more effective help to countries with serious problems, like Mexico. The hazardous Mexican situation should have been detected before it exploded. I believe that such stability in the system is in everyone's interest.

### Congress Seen To Support Principal Reform

*95SM0331A Sao Paulo GAZETA MERCANTIL in Portuguese 5-7 May 95 pp A1-8*

[Article by Sao Paulo correspondent Fernando Abrucio: "Congress Supports Principal Reforms"]

[FBIS Translated Text] A very detailed x-ray of the National Congress, taken by the Sao Paulo Institute of Economic, Social, and Political Studies (IDESP), shows that the administration has an excellent chance of passing a series of constitutional reforms, including almost all the proposed changes in the economic order, the abolition of retirement based on years worked, and the creation of a nationwide value-added tax (IVA) [VAT] that would merge two current taxes: the (federal) IPI [industrial products tax] and the (state) ICMS [goods and services movement tax].

The pollsters talked to 81 percent of the legislators (484 respondents out of 594). The results also pointed out some obstacles that may stand in the government's way. Deputies and senators do not agree on most of the proposed reforms for the Social Security system, such as the abolition of special retirement plans and separate state and municipal retirement systems. The administrative reform that Minister Bresser Pereira longs to see enacted will also have trouble because legislators do not want to end civil servant tenure. Furthermore, they refuse to abandon the concept of equivalent pay scales for civil servants in all three branches of government.

In the opinion of political scientist and IDESP researcher Bolivar Lamounier, although certain constitutional changes may not have majority support in Congress, on balance the message of the poll is clear: The public sector cannot solve all the country's problems. "In the view of 22 percent of legislators, the state should stick to its traditional functions—education, health, security, and justice. Another 50 percent agree with that proposition, but with reservations. This indicates that a large number of deputies and senators would like to see a reformulation of the state's present role," Lamounier said.

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Even though they would like to change the role now played by the state, members of Congress oppose the privatization of Petrobras [Brazilian Petroleum Corporation] and Telebras [Brazilian Telecommunications, Inc.], important federal enterprises. The sale of Vale do Rio Doce Company, however, would meet with the approval of 52 percent. The explanation for this apparent ambiguity lies in the influence wielded within Congress by Petrobras and Telebras employee unions.

Legislators are also intractable on the subject of privatizing the state banks. Just over half (51 percent) of legislators think the state banks should continue in the hands of the state governments, while another 44 percent would allow privatization.

However, we can perceive a major change in the profile of the National Congress compared to the one that drafted the 1988 Constitution. Today, abolition of the government monopoly in telecommunications has the support of 61 percent of legislators, and 69 percent of them favor eliminating the distinction between "Brazilian companies" and "Brazilian companies with national capital." Compulsory payroll deduction of professional association or trade union dues, which was backed by both businessmen and union members at the time of the Constituent Assembly, is now opposed by 72 percent of the members of Congress.

Legislators are not only concerned about changes in the economic order. Although they want a less interventionist state, they also want to retain the development programs for the poorest regions. The perception is that economic growth must not solely diminish economic disparities. A significant number of legislators (35 percent) believe that without effective social policies, a "chronic situation of social upheaval" might develop.

The poll produced two big surprises. To 73 percent of legislators, the best way to reduce social inequalities is to stimulate job creation by reducing payroll levies. Sociologist Jose Pastore, who was present during the discussion that followed the presentation of the survey results at a gathering at the Sheraton Mofarrez Hotel, fully agreed with this view, as he is a longtime advocate of that idea. "The members of Congress are on the right track, because a reduction in payroll levies will boost employment and so raise people's incomes."

The other surprise was the strong support for the VAT, which could significantly alter the distribution of funds within the federation. In a survey taken of the subcommittee on taxation, Federal Deputy Antonio Kandir (PSDB-SP) [Brazilian Social Democracy Party—Sao Paulo] had found a certain amount of conservatism with respect to fiscal federalism. Why, then, is there a difference between the two polls taken in Congress?

Two theories may explain this apparent ambiguity. First, because tax reform is not yet on the congressional agenda, most of the legislators may not yet realize the financial implications the VAT would have for the states—that is, unless they understand the technical aspects of the question or are more subject to pressure from the governors, as is typically the case with deputies on the taxation subcommittee.

Second, the poll also contains responses that show how firmly the deputies defend the present federative structure. Only 32 percent of them want to move in the direction of centralizing revenue collection and increasing the Federal Government's share of the tax pie. Even the intention of a large portion of the legislators to keep the state banks in the hands of the governors proves that they do not want to modify the present distribution of funds within the federation.

IDESP's study clearly shows that the majority in Congress tend to support the reforms. But, warns Gilberto Dupas, who was present at the debate, "There is a big difference between what deputies say they are going to do and how they actually vote. That poll represents the 'heads' of the legislators, their consciences, but what counts in the voting on specific issues are the legislators' hearts, i.e., the pressure the public exerts on them." In the opinion of Bolivar Lamounier, however, this is not a problem. "The public has had a favorable opinion of the reform for a long time," he says, but inserts a reservation: "What might prove to be an obstacle in changing the Constitution is the lack of coordination between the administration and the Congress."

**The Political Reforms**

One of the most important revelations of the IDESP poll refers to the large number of legislators who want to reform the institutional rules of the political system. About 70 percent of legislators agree with the proposition that "only parties that receive at least 5 percent of the votes nationwide should be given representation in the Chamber of Deputies." Such a change would deal a tremendous blow to the small parties. Today, three of the 20 parties represented in the Congress have just one deputy each, and five have only six deputies.

"We must end the high degree of party fragmentation that exists in Congress. Otherwise, it becomes hard to form stable majorities that permit the president to truly govern," said political scientist Amaury de Souza.

The highest degree of consensus in the area of political reforms refers to restriction of the president's power to issue "provisional measures" [MP's]. Approximately

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90 percent of the deputies want to curb the scope and regulate the issuance of these MP's, which have been used ever since the Sarney administration for matters of widely varying importance, ranging from the creation of the Real Plan to the inscription of the name of Tiradentes on the pantheon of national heroes.

According to Amaury de Souza, however, the biggest problem with the MP's is the excessive number of reissuances. The MP for the real, for example, has now been republished more than 10 times, and some of these involved significant modifications in content. "This way, the president is legislating over the heads of the Congress, which, we agree, is not the most democratic way of governing."

But the big change revealed by the IDESP project is in the willingness of the legislators to discipline themselves. Stripping a legislator of his seat for failing to attend at least one-third of the sessions is an idea that is supported by 84 percent of legislators. According to IDESP figures, that same measure, four years ago, was backed by 66 percent of legislators.

Another self-disciplinary measure that is supported by both deputies and senators (66 percent) is the ban against nepotism. In 1991, only 35 percent of legislators favored such a move. As we can see, the Congress has changed—perhaps because of pressure from public opinion exerted in the wake of the Budget CPI [Congressional Investigating Committee].

### Government Considers Further Budget Cuts

*95SM0331B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 May 95 p B4*

[Article by Odail Figueiredo: "Government Seeks Budget Equilibrium"]

[FBIS Translated Text] Brasilia — The government is thinking about linking a series of mechanisms, to hamper the generation of expenditures in the federal budget, to the tax reform proposal that it will submit to Congress.

According to Planning Minister Jose Serra, "there has been an excellent increase in revenue, but it is being swallowed up by excessive growth in expenditures."

During a recent debate in Congress, Serra reported that personnel expenses, which cost the Treasury about $20 billion in 1989, will probably reach $34 billion this year.

Outlays for Social Security, which ran at about $18 billion between 1986 and 1988, will probably hit $36 billion. Those two categories, plus interest on the debt and the transfers that the Constitution requires the administration to make to the states and cities, consume more than 90 percent of the federal budget, according to the planning minister.

One of the ideas being considered is to condition any civil servant salary increases (including those for the legislative and judicial branches) on passage of a specific law. The administration also wants to set stricter rules for the creation of new municipalities.

The rule under the 1988 Constitution merely requires that a plebiscite be held by the interested population. This has led to the creation of about 1,000 new municipalities in the past seven years, many of which cannot survive without federal assistance.

#### Proposal: Detach Mandatory Spending

The administration wants to abolish the mandatory links between revenue and certain budgetary outlays, such as the one that requires 18 percent of taxes to be spent on education. The goal would be to provide freedom to use the money in areas of greater urgency without having to resort to borrowing. Sao Paulo Deputy Alberto Goldman (PSDB-SP) [Brazilian Social Democracy Party] thinks the ease with which public spending grows can also be blamed on the administration's own failure to administer it efficiently.

Goldman cited as an example the recent decision by Congress to raise Social Security benefits by 42 percent. Under the administration's proposal, this increase was supposed to affect only the minimum benefit paid by the INSS [National Social Security Institute] as a result of the increase in the minimum wage, but it ended up being extended to all retirees.

As a result of negotiations with the legislators, the measure will cost the Social Security system an additional $1 billion in 1995. "The administration ought to have clearly explained the implications of that decision, but it did nothing," Goldman charged.

#### Interest Payments To Absorb R15 Billion

There is one spending item that has grown explosively in recent months—one the administration does not like to talk about: interest paid on government bonds and on debts contracted by federal agencies at the banks. The Ministry of Planning estimates that the Treasury will spend R15 billion on interest this year, a forecast that experts view with skepticism.

"That figure is phony," said economist Aurelio Nono Valenca, who served as budget secretary under the previous administration. He claims the expenditure will be at least R24.5 billion. This estimate takes into account only the $70 billion total in Treasury bonds now in circulation and uses the real interest rates,

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ranging between 35 percent and 40 percent, now being charged on the market. It is uncomfortable for the administration to acknowledge this growth in financial expenses because it is a result of the monetary policy conducted by the Central Bank.

Because of their "exponential growth," Valenca said, interest payments are the only expense item that the government urgently needs to concern itself with. He argues that the economic team is using misleading calculations when it affirms that social security and payroll spending are compromising the execution of the budget.

Valenca explains that when the administration prepared the balance sheet for 1994 spending, it converted the expenditures for the first half of the year into cruzeiros reais [CR] at the most recent value of the URV [real value unit] (CR2,750), instead of considering the value of the URV for each month. After the Real Plan was launched in July, the administration failed to consider the residual inflation in the new currency when it updated the figures. This circumstance alone resulted in a 40-percent underestimation of 1994 spending. When those figures are compared with the forecasts for 1995 spending, the result is an artificial increase in expenditures.

Reports by the Treasury Secretariat for 1994, for example, show R17.9 billion being spent on Social Security and R18.2 billion on civil servant salaries. By Valenca's calculations, actual expenditures amounted to $24 billion and R27 billion, respectively, and this would be obvious if the accounts were prepared correctly.

Analyzing the figures in terms of the inflation in the real yields R36 billion for salaries and R32 billion for retirement pensions, figures similar to the administration's own estimates. "Sharp growth in these categories is found only in comparison with the 1990-92 period, when the Collor administration refused to pay the 147-percent increase for retirees and drastically compressed civil servant salaries," Valenca charged.

**Statistics Show Investors Returning**

*95SM0331C Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 May 95 p B19*

[Commentary by Angela Bittencourt: "Investors Return to This Country"]

[FBIS Translated Text] Investors are coming back to Brazil. This is what the market is saying, and Central Bank statistics confirm it. Whether the foreign currencies that helped bring down the exchange rate will be loyal to Brazilian stock markets, no one dares say. The atmosphere, however, is of undisguised enthusiasm about the prospects for Brazil getting squared away, finally embracing the reforms in the Constitution, and doing justice to its own growth potential.

The National Congress, displaying unanimity on the floor of the Chamber of Deputies, gave the Fernando Henrique Cardoso administration its most significant victory when it launched the reform of the Constitution. At 1400 hours yesterday, when he opened the session by starting the voting on the first amendment that changes the text of the 1988 Constitution, Speaker of the House Luis Eduardo Magalhaes convened a legislature that resoundingly agreed to give the economic stabilization program an unprecedented chance. In the first round, 468 deputies assured passage of the amendment that deprives the states of their monopoly on the distribution of cooking and heating gas through mains. The amendment needed only 308 votes to pass.

While Congress stepped up its work in Brasilia, alerting the market to the new profile of both its houses, the market was recording a 0.76-percent decline in the commercial dollar for the day. Some operators tried to curb their enthusiasm and chose to believe that the dollar had yielded, basically, because of offers of that currency from exporters, and also because of the arrivals of dollars that institutions had bought at the beginning of March for delivery this week.

However, in the past six business days (24 April to 2 May), the capital account has been turned upside down. The entry of dollars via financial purchases amounted to $998.22 million. Repatriations of capital via financial sales totaled $716.50 million. Four of the six days of trading ended in a favorable exchange balance: $281.72 million stayed in Brazil after inflows and outflows were offset against each other. That means a daily entry of $70.4 million into the international reserves account. Could it be too precipitous to say that the deficit in the exchange balance has been overcome? Maybe. However, there is no denying that the last several days have been clearly different from the preceding ones.

About 40 minutes prior to the opening of the historic Chamber session, the amendment that ends the distinction between "Brazilian companies" and "Brazilian companies with national capital" was approved in special committee by 23 votes to five, with only one abstention. This amendment, which changes the definition of "national company" and may be the next one to come to a floor vote, definitively kicks off the major structural reform of this country. If it passes, it will open the mining and electricity sectors to foreign capital.

During the past seven years, Brazil has been deprived of a substantial volume of investments that, had they been made, might well have saved this country from the

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infrastructure bottlenecks that now pose a serious threat to economic growth. Economists from the Applied Economic Research Institute (IPEA) estimate that until 1988, Brazil was receiving an average of $160 million in investment in mineral exploration. The restriction on foreign capital imposed by the 1988 Constitution cut that average to less than $50 million between 1988 and 1992, and in 1992 Brazil received only 6 percent of the total investment made by foreign companies in Latin America: a modest $11 million.

Having guaranteed support for the amendment on national companies, Congress is unlikely to be able to hold back the forces in support of the other amendments, even though they are controversial. The opening of cabotage to foreign shipping companies is considered a fait accompli. The proposal to break up the petroleum and telecommunications monopolies certainly gained advocates on Wednesday, because the Fernando Henrique government has demonstrated caution in dealing with public property.

While Congress was getting ready for the historic Chamber session, six major groups of civil servants folded their hands, going ahead with a general strike in protest against constitutional reforms in general. The demonstrators—particularly the oil workers, who managed in a few hours to shut down 10 of 11 refineries—were also defending wage and salary agreements that they considered privileged. Those agreements were signed at the end of last year but the administration is not living up to them for two reasons: There is no money, and the rule for adjusting wages and salaries by the IPC-r [Restricted Consumer Price Index] on the reference dates for each category ought not to be a privilege of the private sector.

## Colombia

### Samper Awaits Sign From FARC Before Demilitarizing Area

*PA2305160595 Madrid EFE in Spanish 0054 GMT 23 May 95*

[FBIS Translated Text] Santa Fe de Bogota, 22 May (EFE) — Colombian President Ernesto Samper affirmed today that his administration is waiting for a clear sign of willingness to negotiate peace from the Revolutionary Armed Forces of Colombia (FARC) in order for the government to keep its promise to demilitarize a town in central Colombia to hold negotiations.

Samper, who last Thursday announced that his administration is willing to hold negotiations with rebel groups which promise to respect the rights of the civilian population, emphasized that up until now there has been no FARC reply to his offer.

"We have made a candid and generous offer to find a path toward an understanding with the FARC," Samper said. Samper has offered the rebel group the partial withdrawal of troops from the town of La Uribe (central), which the rebels want completely demilitarized.

Samper said that "peace is not free. It has a price, and we have laid our cards on the table after receiving some indications that there is interest in moving forward in the peace process."

"As soon as there is genuine willingness for peace, the administration will keep the promise I made on Thursday regarding the demilitarization of the rural zone of La Uribe, to concentrate a part of the troops in the local capital, and initiate the process of negotiating the agenda," Samper said.

Last week, Samper also proposed the possible renewal of negotiations with the Army of National Liberation (ELN). The ELN and the FARC are the two oldest, most radical groups in Colombia.

### FARC Blows Up Communications Tower After Peace Proposal

*PA2305164195 Paris AFP in Spanish 1431 GMT 23 May 95*

[FBIS Translated Text] Santa Fe de Bogota, 23 May (AFP) — Guerrillas of the Revolutionary Armed Forces of Colombia (FARC), who this weekend received the government's offer for peace negotiations, responded by blowing up a communications tower near Santa Fe de Bogota, leaving 10 towns in the central part of the country without communications.

Several engineers from the National Enterprise for Telecommunications (Telecom) were dispatched today, Tuesday, to Beltran, 50 km west of Santa Fe de Bogota, to assess the damage and begin to repair the tower that was downed with a dynamite charge.

Metropolitan police here revealed that the FARC column made its way into the town firing rifles and submachine guns, destroyed the garrison, and inflicted serious injuries to a policeman. Then they took off with seven hostages, who were released later. During their getaway, the guerrillas blew up the Telecom relay station.

The towns reported to be without communications today are Anzoategui, Santa Isabel, Alvarado, Lerida, Ambalema, Libano, and Piedras in the western province of Tolima, in addition to the river port of La Dorada, as well as other places near the site of the attack in Cundinamarca.

This is the third incursion by the FARC into the province of Cundinamarca in the past weeks, following

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attacks in Ubaque in which a noncommissioned officer, a policeman, a civilian, and two guerrillas were killed.

## Ecuador

### Political Ideologies Losing Influence

*95P20797*

[FBIS Media Note] Political ideologies are losing force among the populace and a high percentage of Ecuadoreans do not claim to adhere to any political doctrine, a trend also seen in most other Latin American countries, Ouito HOY reported 7 May. This conclusion was drawn as the result of a 22 April Informe Confidencial poll which asked residents of Guayaquil and Quito the following questions:

#### Political Affiliation

Over 50 percent of those polled said they did not have any political affiliation. An equal percentage of residents of both Guayaquil and Quito—22 percent—said they were on the right of the political spectrum. However 21 percent of those polled from Quito and Il percent of those polled from Guayaquil said they were to the left of the political spectrum. Only 5 percent of Quito respondents and 8 percent of Guayaquil respondents identified themselves as centrists, a decrease from previous years, according to Informe Confidencial. As the confrontation between Right and Left comes to an end, the pollsters observe, centrism has ended up in the "middle of nowhere."

**President's Political Affiliation When it comes to electing a president, the overwhelming majority—70 percent of Quito respondents and 63 percent of Guayaquil respondents—said that practical results mattered more than ideology. Only 20 percent of Quito respondents and 24 percent of respondents from Guayaquil said that a president's ideology was important.**

#### Economic Problems in Border Provinces

*95P20800*

[FBIS Media Note] Legislation Approved—Legislation to promote development along the southern and eastern border and support the productive sectors was approved by Congress and is to be presented to the president of the Republic. The bill establishes that imports of machinery, equipment, and tools, etc. for commercial purposes are completely exempt from customs duties for 10 years. [Quito HOY 16 May; received via Internet] New Credit Line—Rafael Cuesta, general manager of the National Financing Corporation (CFN), announced the creation of a special low-interest credit line of working capital amounting to $100 million to reactivate trade and industry in El Oro, Loja, and Zamora Chinchipe Provinces. Financing of up to $100,000 will be available per individual, repayable within a maximum of 720 days with a 180-day grace period. [Guayaquil EL UNIVERSO 5 May, Ouito EL COMERCIO 7 May] Development Plans for Zamora Chinchipe—The development plan for Zamora Chinchipe Province aims to raise the standard of living of the population through the construction of rural housing, schools, and health facilities. The plan also envisages the improvement of the road network, including the construction of the Pachicutza-Bellavista highwary running parallel to the undemarcated portion of the border with Peru; the completion of bridges over the Zamora, Sabanilla, and Nangaritza Rivers; and the construction of a landing strip at Zumba. [Guayaquil EL UNIVERSO 3 May] Shuar Community—Felipe Tsenkush, president of the Federation of Shuar-Achuar Centers (Fichsha), said that panic, confusion and insecurity reign among the community which is experiencing an "economic, social, and psychological crisis due to the complete change in habitat." The Shuar leader said that, at first, members of the community felt somewhat protected by the military presence, but now that demobilization has been accomplished, many fear that the guarantors will not respect their sovereignty in the area, while others fear a resumption of hostilities. Tsenkush appealed directly to the government to implement health, education, and development programs for the region. [Quito EL COMERCIO 3 May]

## Paraguay

### Wasmosy Pledges To Enforce Agreement on Armed Forces

*PY2405024695 Asuncion NOTICIAS in Spanish 18 May 95 pp 10, 11*

[FBIS Translated Text] The political agreement signed between the Executive Branch and representatives from all political parties at Government House some days ago was the topic of the meeting between President Juan Carlos Wasmosy and the top echelons of the Armed Forces held at the General Staff headquarters on the morning of 17 May. It was learned through the Military Forces Public Relations Office that Wasmosy told the military officers present at the meeting that he committed himself to giving them his unconditional support so that all the points included in the aforementioned agreement would be honored.

It was further disclosed that Wasmosy discussed this issue at length with the military officers and took

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the opportunity to pledge his help with whatever was necessary to enforce the agreement.

Colonel Carlos Ovando, the spokesman of the Military Forces Command, reported that the top brass who met with the president expressed their support for the head of state and their desire that he continue interceding for the institutionalization of the security forces.

He said: "All the senior military officers are of one mind about the fact that our commander in chief should continue participating in the discussions held in order to institutionalize the Armed Forces, because it is our considered opinion that he has so far done this quite satisfactorily."

Col. Ovando added that "the Armed Forces welcomed the signing of the political agreement, as they deemed it a major step forward to achieve the veritable institutionalization of the country's security forces, which will redound to the advantage of the entire society."

**Wasmosy Returns, Discusses New Banking Controls**

*PY2305222695 Asuncion ULTIMA HORA in Spanish 23 May 95 p 14*

[FBIS Translated Excerpt] President Juan Carlos Wasmosy announced this morning, in the midst of a sudden Central Bank decision to assist a local bank, that the government is planning to intervene in the financial system to force a reduction in interest rates. Wasmosy made the announcement upon his return from the United States. [passage omitted]

**It's Not a Bailout**

The president stressed that the Central Bank assistance to Bancopar [Paraguayan Commercial Bank] to solve an acute case of lack of liquidity does not represent any "salvage" operation, adding that the government will propose stricter controls to force a reduction of interest rates.

Asked about the assistance granted to a local bank, Wasmosy said: "It is not a salvage operation. It is a demand we make to all banks to adapt their operations to the financial system. We will establish stricter control — not really intervention — in order to force them to lower their interest rates."

The president added: "The government is making superhuman efforts to control inflation and maintain the fiscal balance, but interest rates do not drop."

Economic Development

The president said these conditions are not appropriate for economic development, because expansion is hindered by the high cost of money. "How can an industrialist, an agriculture producer, or a cattle raiser expand without credit at low interest rates?" the president asked. [passage omitted]

**Senate Urges Resumption of Consular Relations With Cuba**

*PY2305150995 Asuncion ABC COLOR in Spanish 19 May 95 p 6*

[FBIS Translated Excerpt] On 18 May the Senate approved, with one abstention, a statement in which it urges the Executive Branch to immediately resume consular relations with Cuba as a prior step toward fully reestablishing diplomatic relations.

Miliciades Rafael Casabianca was the only senator to abstain from voting, in a gesture that was considered surprising by his peers as he is a firm candidate to succeed Evelio Fernandez Arevalos as president of the Senate. The surprise by members of the chamber was general, as even Senators Blas N. Riquelme and Alfredo Luis Jaeggli, who as a rule vote against socialist ideas, voted in favor of resuming consular relations with Fidel Castro's country.

The statement was submitted by Senators Basilio Nikiphoroff, Victor Sanchez Villagra, Artemio Castillo, and Victor Rodriguez Bojanovich.

Among other things, the approved statement indicates that "the new international order, placed side by side with the new vision Paraguayan society has of the reality surrounding us, makes it necessary that no matter what the ideological barriers, the sister republics of America enjoy preferential dealings in international relations."

"Although," the statement continues, "diplomatic relations with Cuba have been interrupted in the past by nearly all the countries of the continent, today Paraguay is the only country in Latin America that has not reestablished relations. Cultural, affectionate, and historical relations with the Cuban people have never been affected, in a notable example of rapport within the rich cultural diversity that characterizes our peoples, and from which only benefit can be extracted for our fatherlands." [passage omitted]

## Peru

**Court Confirms Sentence Against Ecuadoran 'Spies'**

*PY2305185495 Lima Radio Programas del Peru Network in Spanish 1700 GMT 23 May 95*

[By reporter Enrique Vidal from a mobile unit]

[FBIS Translated Text] Supreme Military Court Justice Guido Guevara has confirmed the sentence handed

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down by the Second Army Court of 18 years' imprisonment and payment of 150,000 new soles in compensation that was imposed on Ecuadoran spies Jose Eguame Jaimito, 32, and Victor Tangoy Machoa, 34.

An authorized source confirmed this report to Radio Programas del Peru. This concludes the judicial procedure under military jurisdiction in relation to these two Ecuadoran citizens, who were arrested at a military base in March while conducting intelligence work for the Ecuadoran Army.

According to the military court's decision, the sentence will have been served by March 2013. These arrested Ecuadoreans will also have to pay compensation for civil damages to the tune of 150,000 new soles.

Only a presidential pardon can now prevent these Ecuadoreans from carrying out their sentences, and this pardon would pave the way for an exchange of prisoners.

## Venezuela

### Foreign Minister on Colombian Relations

*Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 23 May 95*

[Telephone interview with Foreign Minister Miguel Angel Burelli Rivas, in Quito, by announcer Dario Arizmendi and an unidentified female reporter, at the Caracol Network Studios in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] What will be the legal situation of Eduardo Iglesias, inspector of the Directorate of Intelligence and Prevention Services, DISIP, who is now under arrest?

[Burelli] We must differentiate between Iglesias' administrative and legal situations. Regarding Iglesias' administrative situation, he is under arrest at the police corps, of which he is a member; his legal situation will depend on the accusations that will be formally filed by Colombia.

[Arizmendi] What was the result of the visit made by delegates of Venezuela's Prosecutor's Office to Colombia's Prosecutor's Office seeking information on the legal situation of Mr. Iglesias?

[Burelli] I do not know the results, because in Venezuela the Prosecutor General's Office enjoys the same autonomy it enjoys in Colombia, therefore, we are not aware of the steps to be taken by the Prosecutor General's Office. The Prosecutor General's Office will inform us, in due time, about what they have learned and how the investigations are going. I did receive a report that the meeting with Colombian authorities was very promising and satisfactory.

[Arizmendi] Given this, Mr. Foreign Minister, did some sectors of your country react perhaps too hastily to try to defend Mr. Iglesias without knowing the evidence in the possession of the Colombian Prosecutor General's Office?

[Burelli] Only a few sectors came out to defend Iglesias. The position you must take into account is that of the country. For us in Venezuela, he is innocent until proven guilty. With this, I am not say anything new or exaggerated. This is the legal philosophy behind all of our actions and our system. Let it be clear, however, that we are not protecting anyone. We do not have any prejudice against any individual.

If Iglesias' involvement in car theft is demonstrated, he can be tried in Venezuela. Venezuela is a country of law, just as Colombia. We are not going to shelter or protect him. We simply cannot make a judgment based on rumor or hearsay.

[Arizmendi] Of course. We understand your position, Mr. Foreign Minister. In this regard, have you spoken to Colombian Foreign Minister Dr. Rodrigo Pardo on this case and on the situation of vehicles stolen in Venezuela and sold in Colombia?

[Burelli] That is correct. We have spoken a great deal about this in a cordial manner, because we get along very well. The two Foreign Ministries have no differences.

[Arizmendi] Can you specify whether any progress has been made to try to normalize this situation and to have the Colombian Government fulfill its part regarding the return of seized vehicles, which have been brought from Venezuela by transportation mafias working in the two countries?

[Burelli] By mafias and citizens.

[Arizmendi, interrupting] Do you recognize this illicit activity...

[Burelli, interrupting] The only way to accomplish this is by returning the vehicles that can be returned. This would be an eloquent demonstration of a willingness to resolve this problem, which is very disturbing in my country.

[Arizmendi] Is this a problem of a binational mafia comprising Venezuelans and Colombians working together to...

[Burelli, interrupting] It is a very profitable business.

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[Arizmendi] How many cars does the Venezuelan Government officially believe have been stolen and brought to Colombia?

[Burelli] There is a lot of talk about that, but you know that numbers can be deceiving. There is talk about 60,000, maybe 40,000 cars. It has been said that some cars have been transported to Ecuador and others to Brazil. There are no hard figures. These are merely estimates based on the number of car thefts in Caracas and other Venezuelan cities and the frequency with which these cars are taken to Colombia. Nevertheless, many vehicles are dismantled and sold for parts. It has been estimated that every three hours and 15 minutes another car is being dismantled to be sold for parts. This destroys a lot of the evidence.

[Arizmendi] After the episodes of the attack by an ELN [Army of National Liberation] across the border, in Cararabo, and this confusing incident involving Mr. Eduardo Iglesias, how do you now view the state of relations between your country and Colombia?

[Burelli] Well, I do not think this will engender an uproar in the wake of the incident at Cararabo. The situation in Cararabo has been practically overcome, and this new incident does not have enough weight to affect relations between the two countries.

[Arizmendi] On the occasion of your meeting in Quito, what will be discussed at the Rio Group presidential summit in September?

[Burelli] We will discuss what we agree on at this meeting, which is precisely designed to come up with an agenda. This is a follow-up meeting to the Miami summit to define integration commitments and to determine whether we can fulfill the goal of the [word indistinct] which we established in Miami.

We will also discuss other political problems. For instance, there is unanimous concern over the Helms bill on extraterritorial activities that has been submitted to the U.S. Congress. It would entail sanctions for countries trading with Cuba, etc.

This time, we are in agreement on nearly every one of the issues. Also, we believe that great progress will be made by the presidents when they meet in September in Cuenca based on what the coordinators and the foreign ministers have done within the framework of an ample Rio Group agenda.

What has caused concern — this is the first time I am going to say this publicly — is that six foreign ministers were absent from this meeting. This grabs my attention, given the importance of the Rio Group, which today is the most important political forum of America. It has maintained important contacts with the EU. The Rio Group has not been stripped of its importance, but psychological, political, and temporary reasons have prevented six foreign ministers from being here. This has caused great concern among us.

[Reporter] Which countries were absent, Mr. Foreign Minister?

[Burelli] The three Latin American guarantors of the Rio Protocol, namely, Brazil, Argentina, and Chile; Panama; Nicaragua, the Central American representative to the Rio Group; and Trinidad and Tobago, which represents Caribbean countries.

### Comptroller General Discusses Corruption

*PA2205201295 Caracas Venezolana de Television Network in Spanish 0330 GMT 19 May 95*

[Interview with Comptroller General Eduardo Roche Lander by Alfredo Pena at the Venevision studios in Caracas; from the "Conversations with Alfredo Pena" program — live]

[FBIS Translated Text] [Pena] Good evening friends. Unfortunately, the issue of corruption continues to cause serious damage to the Venezuelan society.

The report the comptroller general has presented at the National Congress reveals strange things going on in social spending. These are the funds that are supposed to benefit people with less income. It says the Ministry of the Family tops the list of those with irregularities. It also speaks of abnormalities at the Ministry of Transport and Communications, the Ministry of Environment and Renewable Natural Resources, the Ministry of Urban Development, and others that have something to do with public works. The comptroller also mentioned in his report that the bankers — whom the government called corrupt — misused 350 billion bolivares of the bail-out money the Venezuelan Government gave them. That means the grand total of the subsidies granted to bankers stands, as of today, at 1.65 trillion bolivares. He is speaking about 350 billion bolivares at the time he prepared his report.

He also said that the Comptroller General's Office has opened an investigation against the former directors of Deposit Guarantee and Banking Protection Fund [Fogade] and the General Bank Superintendency. The report goes on to state that the government granted the Financial Emergency Board extensive powers and jurisdiction, but without the responsibility. This is important, because just as we have to punish the bankers who took the money, we also have to punish those who gave them the money. I agree with the comptroller when he says the government created a Financial Emergency

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Board that granted subsidy funds but whose officials were free of any kind of responsibility.

He also addressed certain abnormalities at the CVG [Venezuelan Guayana Corporation] with the approval of mining, exploration, and exploitation contracts. He said there was speculation and influence peddling at that corporation, among other irregularities. He withheld all payments of military contracts granted to the Margol and Turpial companies, as well as the AMX-30 tanks.

I believe these measures, if they are implemented, will in some way help to defeat the plague of corruption, which has us truly under siege. If the country had been administrated honestly, correctly, and openly, most of the money they took could have been used to build hospitals, schools, universities, and take care of other needs of the Venezuelan people. We have a report filed especially for this program.

[Begin recording] [Reporter Patricia Chung] Comptroller General Eduardo Roche Lander said, as he presented his annual report to the National Congress, that we are suffering from bankruptcy, and there is no one to be held accountable. Deputy Paulina Gamus, of the Democratic Action party [AD], said that the struggle against corruption should go further than that first report.

[Gamus] Although we receive very complete reports every year, duly substantiated by the Comptroller General's Office, there is nothing much we can do unless the report is coordinated with the justice system, capable of acting swiftly and effectively.

[Chung] Paulina asked the comptroller general the following question:

[Gamus] The congress frequently approves very important laws. The public — the ordinary citizens — however, cannot understand the importance or the scope of these laws or how certain laws benefit them. I believe the new law ruling the Comptroller General's Office has important improvements that the comptroller general ought to make public.

[Chung] Deputy Carlos Melo criticized excess politization at the Comptroller General's Office.

[Melo] First, the comptroller general does something right. Then he makes the mistake of trying to fill the Comptroller General's Office with members of his party. Furthermore, most of these employees are engineers, which has nothing to do with the kind of work the comptroller does.

[Chung] He approached the issue of securing FOGADE assets.

[Melo] I believe the comptroller general and the attorney general are both making legal mistakes. They do not have sufficient legal grounds to secure these assets. The method they have used, which is through the Financial Emergency Law, is not strong enough to make that happen.

[Chung] Deputy Paciano Padron, of the Social Christian Party [COPEI], spoke about the National Telephone Company of Venezuela [CANTV].

[Padron] During its first year under privatization, that was during 1992, the company made a net profit of 14 billion bolivares — that is after all expenses. The second year it made 30 billion bolivares. During the third year, which was last year, 1994, the company reported several billion bolivares in losses. No one can justify this, especially because there were four tariff increases last year and nothing at all happened that could account for such losses in the company's books.

[Chung] Paciano Padron encouraged the comptroller general to explain the real situation at CANTV. This is Patricia Chung for "Conversations with Alfredo Pena."

[Pena] Dr. Roche, you have already listened to the views expressed by AD's Paulina Gamos, Carlos Melo of the Radical Cause Party, and Paciano Padron of Copei. What is your view on what they have just said?

[Roche] The first topic, which was discussed by Paulina Gamos, president of the commission of the Comptroller General's Office, refers to changes in the Basic Law of the Comptroller General's Office. I have insisted on and have strongly supported this congressional initiative because I believe it is necessary to improve the control systems currently used by the Comptroller General's Office. The best way to control spending is through controlling the government, being able to pinpoint the results obtained from the allocation of spending by organizations managing a budget. Thus, this enables us to see whether or not the resources were properly managed and ask the officials charged with managing the organizations to assume responsibility for the use of the resources. This is the first major point being introduced by the Basic Law of the Comptroller General's Office.

This initiative also establishes a minimization of preapprovals because at times, they hinder government actions instead of facilitating them. I believe that by reducing preapprovals, we could achieve greater activity and efficiency.

Last, it establishes a very important aspect, which is the national control system. The government's internal control organizations, jointly with the Comptroller General's Office, constitute the national control system. I am a strong advocate of this, and I am supporting and promoting it. Currently, there is a major project being

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managed by the Finance Ministry with support from the Comptroller General's Office dubbed Project to Control Public Finances. This project proposes an effective control of the budget, spending and finances, and the Comptroller General's Office is taking part in those aspects that lie within its purview. I believe that the implementation of this new system will give us excellent control possibilities.

As for the second comment made there, I want to make it clear that I decided to apply for the position of comptroller general because I thought I could bring a new vision to this organization. The Comptroller General's Office has traditionally been an organization tasked with auditing, which is a very thorough and time-consuming activity, and sometimes, it does not yield results as promptly as we expect.

In the same vein, I have submitted several important changes. We have an engineer [words indistinct] for the decentralized management office, which supervises many institutions, more than 1,000 institutions to be more specific, and it has registered very effective results in 1994, the first year of activity mentioned in this [word indistinct]. Another engineer, who is quite competitive, has also joined our team in the technical management section, which is also important.

Regarding Fogade, it is perhaps the most important financial institution we managed in 1994. Through Fogade, we were able to grant the financial sector nearly 1 trillion bolivares. We granted more than 400 billion bolivares, almost 500 billion bolivares, to Banco Latino, as well as significant amounts to other banks that received financial assistance. Regarding this project, we have been precursors and supporters and we have begun to coordinate actions with the Prosecutor General's Office and the Attorney General's Office.

[Pena] Before you tell us about Fogade, would you please talk to us about Deputy Paciano Padron's proposal?

[Roche] Padron made his proposal at the Comptroller General's Office and we have even talked about that in the media, but before Deputy Paciano Padron met with us, the Comptroller General's Office had already initiated an investigation in the area of telecommunications. At the Comptroller General's Office, we are concerned about all those services, especially the utility services that directly affect the population. That is why we have opened up investigations in the area of electricity, water, and telecommunications services. We have also heard complaints from officials themselves, especially those from the CANTV, and we are conducting investigations.

An important thing to note is that the CANTV is a private enterprise. It has an organization assigned to it, which is the Venezuelan Investment Fund [FIV], which owns the largest share of stocks in that company.

[Pena] It is not a private enterprise, it is a mixed enterprise because most of the stocks are in the hands of the state and the Venezuelan workers. The international consortium owns 40 percent of the stocks.

[Roche] When I speak about private enteprise, I mean it is legally operated as a private enterprise. It is a company that is partly owned by workers, the state, and an international consortium. It is operated as a private company. The FIV, which is the largest shareholder, and the comptroller at the Transport and Communications must take direct action.

[Pena] You mentioned something that is extremely important. You said it yourself when you said it will be significantly important for the country's history. You mentioned financial contributions, the one given to the last four banks that were liquidated. The amount reaches 1.65 trillion bolivares. It is an astronomical figure, and we do not know how we are going to pay for it. We have been paying for it through the high cost of living, through inflation. This is what they call the quasi-fiscal dificit. The fiscal deficit is 800 billion bolivares. The quasi-fiscal deficit generated by the financial contributions by the banks that were liquidated and by the banks that were nationalized reached 1.65 trillion bolivares. You warned about the authorities that made the contributions. You talk about the Financial Emergency Board [JEF] and the responsibility of the JEF and the Central Bank. You even spoke about an administrative investigation conducted by the Comptroller General's Office on the president of Fogade, the bank superintendent, the president of the Central Bank, and the finance minister at the time. I ask the following: Doesn't this investigation include the president of the Republic, who was the one who created the JEF and gave it full powers?

[Roche] The financial problem is one of such a magnitude that it not only adversely affects us but will adversely affect the next generation of Venezuelans. We are going to have to replace this 1 trillion plus bolivares that were granted to the financial system. Venezuelan laws grant jurisdictions to the various organizations, one of them is the Venezuelan Central Bank, as well as Fogade, the Bank Superintendency, and finally the Intervention Boards. In this entire process in which we have experienced a year of crisis, almost of bankruptcy, we have put officials from the Comptroller General's Office to work in all areas. Of course, the responsibility is being shared. We cannot think about generating such a huge amount of resources in the country without any

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controls. Of course, that lies within the overall responsibility of the entire sector. The JEF was given the greatest powers ever given to any organization in Venezuela.

The JEF handled the interventions of the last eight banks. They were considerable amounts of money given in the form of assistance. Of course, the JEF has a responsibility. We noted in the report that in the decree creating the JEF, the president excluded the members of the JEF from any responsibility, except if they acted out of bad faith or for their own benefit. This is something that violates the Constitution and is, therefore, unacceptable. At the Comptroller General's Office, we believe everyone has a responsibility and that is why we believe that in this financial problem, each one must accept his responsibility.

[Pena] That is why I ask you: on the one hand, congress approved a law to grant financial aid. On the other hand, the president appointed that board and granted it full powers and appointed its members, presided over by a minister who directly appointed three members. Does the president share the responsibility?

[Roche] I believe that this problem involves all the central government organizations...

[Pena, interrupting] Including the president?

[Roche] Including the president, the Executive Branch, the Legislative Branch, and the Judicial Branch, as appropriate. The crisis is so huge that we cannot believe that these organizations could act in an isolated manner.

[Pena] In Venezuela, two presidents have been taken to court, President Lusinchi and President Perez. You are saying that the president is also responsible for the financial aid, for creating the Financial Emergency Board and for relieving it of the responsibility of granting that aid. I want to know if this opens up the possibility of taking the president to court. Should the president be prosecuted for handing out 1.65 trillion bolivares in financial aid, which was only backed, according to the government, by about 500,000 bolivares or possibly less? Those that the Comptroller General's Office is holding responsible for this are finance minister, who is a direct assistant to the president and head of public finances; the president of the Central Bank of Venezuela; the president of Fogade; and the Bank superintendent. I would add congress to those held responsible, because congress also authorized some of this financial aid. Because the president appointed the JEF and relieved it of all responsibility, and this report from the Comptroller General's Office states so, I ask if the president is responsible? If the president is responsible, would he not he subjected to an administrative investigation? Is he not liable to be taken to court much the same way Lusinchi and Perez have been? This is simply a question to the comptroller general based on these documents.

[Roche] I first want to correct the observations you made when you asked me the question. The Comptroller General's Office has not yet considered all those people whom you mention as guilty...

[Pena, interrupting] No, no, no. It has started an administrative investigation.

[Roche] In our analysis of the problem, we found indications, as it is termed legally, of some legal faults. In other words, the law had been broken. The Comptroller General's Office and the tribunals have the power to act when the law has been broken. When a legal failure has taken place, then one can proceed with an administrative investigation if the problem is of an administrative nature or a penal or civil court if the problem is of a penal or of a civil nature. We, as I have said, in our study of this serious problem, have found indications to begin administrative investigations in three of the organizations you have mentioned. These are: the General Bank Superintendency, Fogade, and the Venezuelan Central Bank. We have not started an inquiry at JEF because the problem at stake is of a constitutional nature. There is a decree that states that the JEF is not responsible. According to the Constitution, as we say in this report, we believe that the Constitution does not exonerate an official from responsibility, thus the problem needs to be decided at the constitutional level. We will probably start an administrative investigation in the JEF.

In order to take a citizen to court, whether he or she is of the highest or the lowest rank, one needs to have proof that the person broke the law. If at any moment a president breaks the law, he can be sanctioned as president, and here we have the two cases you mentioned. As soon as the problems are decided on, then action can be taken. We believe that in the specific case of JEF, a very deep analysis needs to be made of the legality os such an action. The Supreme Court of Justice will probably have to issue a ruling about this because only the higher tribunals are empowered to interpret the law. We, as the Comptroller General's Office, are obliged to analyze compliance with the laws and sanctions when these laws have not been complied with. But the moment doubts are raised as to the legality of a law, then the tribunals, and in this case the top tribunal, such as the Supreme Court of Justice, are the ones to decide on the problem of legality.

[Pena] President Rafael Caldera created the Financial Emergency Board whose legality you are now questioning.

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[Roche] The president creates a Financial Emergency Board and establishes a condition that we believe is neither convenient nor acceptable. In giving this board such far-reaching authority, we could not let these officials believe that nothing would happen if they failed. On the contrary, we should demand the highest of responsibility. They should not fail in their mission. The message we were sending was not the right one. That problem, however, goes beyond the specific issue we are addressing at this time.

We in Venezuela have a tradition of not holding people accountable for their actions. Many times, when a high-ranking official — be it a department chief, or a minister, or the president of a government agency — does not do his duty we say it is fine, if he failed in good faith.

[Pena] I was looking over your report, sir; I was reading it. I was looking for the discretionary account. You changed the format. Now there is a different format for the comptroller general's reports. It is not only the format, because the content has also changed. I used to read the comptroller general's report and I would find the various items included under the discretionary account: security and defense expenditures, justice, Foreign Ministry, Interior Ministry, and other agencies that manage such discretionary funds. I cannot find that now. Therefore, as a Venezuelan, and you say that as Venezuelans we must stay informed, I do not know how much this government has spent on these discretionary expenditures.

[Roche] I did in fact change the format of the comptroller general's report to the congress. Now it is more understandable. You can read it, the members of the congress can read it. They can study it. It is a critical assessment of how public administration works. Attached to this report there is a very extensive document that details all the specific steps the Comptroller General's Office has taken. That annex has everything the Comptroller General's Office has done during the year.

[Pena] I received a book like this one and another book that looks like this one, but smaller.

[Roche] There is another document.

[Pena] I cannot find how much was spent out of the discretionary account.

[Roche] There is a complete document by the Comptroller General's Office, containing...

[Pena, interrupting] Can you tell me how much was spent?

[Roche] The Defense Ministry handles a truly significant portion of its budget under security and defense, perhaps somewhat unjustifiably so. The terms security and defense indicate that the funds are directed at the country's security and defense. Obviously, maintaining the Army, the troops, the police, and such are security and defense. That does not mean that these expenses cannot be audited. Some of those security and defense expenses are kept a secret, given their very nature. I believe, and I told the congress this when they invited me to discuss the changes to the law, that security and defense expenditures should be divided into two groups: those that may be audited and those that are secret.

[Pena] Take for example, sir, the following: It used to be that a soldier's pants, shirts, boots, helmet, shorts, and underwear; public works, the construction of military posts; and so on were security and defense expenses. In today's modern world, particularly in our small countries, secret expenses are those having to do with strategic planning, troop movements, war games including an alleged aggressor, and so on. On the other hand, there is procurement. There is no reason why procurement expenses should be a secret. Nowadays, you buy a rifle, a machine gun, a tank, or whatever just like if you were buying a dress, a refrigerator, or a car. There are catalogues. Whoever wants to know about such things can easily find out. They sell us the same things they sell to Colombia and the other Latin American countries. A clip is a clip, so that is just silly. Secret defense expenses are liaison expenses, intelligence, troop movements, and such. These are strategic matters, because you cannot let your enemy find out your defense plans, your war tactics, and so on. That is why I ask.

[Roche] This is precisely what I said yesterday. I said that security and defense expenditures should be of two types, secret and auditable. The purchase of the Armed Forces operational equipment cannot and should not be secret. Now, it is the Presidency of the Republic, through a regulation issued during a ministers' council, that determines which security and defense, and therefore secret, expenses can be classified as such. The president of the Republic establishes the distribution of the expenses into one type or another. In general, I have heard the ministers, in particular the current defense minister, say that they are aware that certain expenses now kept secret can be audited.

[Pena] In the previous government, an assembly of Army generals proposed eliminating secrecy from weapons purchases. I do not know who is opposing this.

[Roche] Look, when it comes to handling subjects like this one, one hears very contradictory things. Certain

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things are said in public that are very different from those said in private.

[Pena] No, no. There was an (?official) document.

[Roche] I was invited by the congress' comptrolling and defense committees at one time or another. This subject was discussed to some extent. An argument is usually advanced that, if the number of uniforms purchased is known, then the number of soldiers in the Army is therefore known.

[Pena] I suggest you ask the Army general commander to hold a meeting of generals. Three years ago, the entire assembly of generals favored eliminating secrecy in military purchases. Thank you, Comptroller Eduardo Roche.

**Minor Parties Form Unity Group**

*95SM0319D Caracas EL DIARIO DE CARACAS in Spanish 22 Apr 95 p 21*

[Article by Nadia Perez]

[FBIS Translated Text] The People's Electoral Movement [MEP], People's Advance Guard, Democratic Republican Union [URD], Patriotic Union, Movement of National Integrity [MIN], and Communist Party of Venezuela [PCV], parties that supported the presidential candidacy of President Rafael Caldera, have decided to form the Chiripero [Minor Party] Unity Group to serve as a permanent forum for discussing the various problems and needs of the community.

**Chiripero's Balance Sheet**

The "junior Chiripero," as the political parties that decided to form the Unity Group call themselves, met yesterday in Congress' administrative headquarters to draw up the balance sheet of the first year of President Rafael Caldera's administration.

At the meeting, the minor parties acknowledged that "the sequels of the crisis persist" and that "the problems afflicting Venezuela will not be resolved simply by electing a man like Rafael Caldera. Rather, what is needed is a continuing struggle waged by all Venezuelans to defeat the moral, political, social, and economic factors whose combined effects have kept the nation submerged in an abyss from which it is now more urgent than ever to extract it."

**Good Intentions**

The so-called United Board of the Chiripero is open "to all organizations and individuals that feel motivated to participate on an equal footing in the fight for good goals for the country, a fight we began two years ago and that is still far from yielding all the desired fruits."

The minor parties met with country's president, Rafael Caldera, for the purpose of establishing continuing contact with the Executive Branch. It claims to be sure to go on being the path to a solution of the problems besetting the country "and the valid option for creating a state of opinion that will strengthen the election results of 1993 by voting in the municipal and regional elections scheduled for the end of this year."

At yesterday's meeting, the minor parties who supported Caldera also confirmed their "solidary commitment to defend the causes of the people and assume the role of an organized vanguard in the relentless struggle against those responsible for the profound crisis in which Venezuela now finds itself."

**Decentralization Reforms Discussed**

*95SM0319C Caracas EL DIARIO DE CARACAS in Spanish 21 Apr 95 p 20*

[Article by Nadia Perez]

[FBIS Translated Text] Extension of the term of regional leaders, indefinite reelection, and reconsideration of Article 24 of the National Constitution establishing the dismissal of state governors by the censure of Payroll and Accounting were among the proposals formulated yesterday at the seminar on reform of the Law on the Election and Removal of Governors and the Law on the Term of State Officials.

Participating in the event, which was jointly sponsored by the Presidential Commission for State Reform and the Deputies Regional Development Commission, were Decentralization Minister Jose Guillermo Andueza, Arnaldo Arocha, president of the Association of Governors of Venezuela [AGV], constitutional and electoral experts Carlos Ayala Corao and Manuel Rachadell, and other speakers.

AGV President Arnaldo Arocha and Copre [Presidential Commission for State Reform] President Ricardo Combellas both spoke in favor of extending the term of regional leaders. Both consider the current three-year term too short a time to accomplish solid goals.

Andueza does not support such an extension, arguing that to increase the term of governors to four years would mean the possibility that reelection could extend the term to eight years.

Arocha also expressed support for indefinite reelection, opposed not only by Andueza, but also the president of Copre, deeming that the country's institutional election framework is not the most reliable for implementing such a measure. "At least, that is how the people feel."

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Another of the issues discussed at the seminar held in the chamber of the former congressional presidents was that of the removal of governors by the Legislative Assemblies. State governors are of the opinion that the matter must be reconsidered in a future reform of the constitution.

Constitutional expert and Andres Bello Catholic University Professor Carlos Ayala Corao explained that because of its constitutional nature, the issue of the removal of governors can only be discussed through reform of the constitution.

For that reason, Ayala Corao proposes the possibility of regulating Article 24 of the constitution, which provides for the removal of governors until a constitutional reform is carried out.

To that effect, he proposes the establishment of preliminary periods for holding a session at which the Payroll and Accounting censure would be accomplished in order to pave the way for possible agreements.

The constitutional expert also favors granting the governor in question the right to speak at the Legislative Assembly session at which the Payroll and Accounting censure would be decided.

Yesterday's seminar was called to a close by Gonzalo Perez Hernandez, second vice president of the Congress.

**Productive Sectors Reach Anti-Inflation Pact**

*PA2305174295 Caracas Venezolana de Television Network in Spanish 0200 GMT 23 May 95*

[Report by Zaira Pereira; from "The News" newscast]

[FBIS Translated Text] All productive sectors have reached an agreement to achieve a stabilization of prices, and each sector will have its own inflation rate level. Adan Cellis, president of the Economic Council, stressed that this is implied in one of the points that will make the anti-inflation pact a success.

The Council — comprised of workers, businessmen, the Central Bank, and universities — will follow-up on the achievements and results given by the sectors participating in the pact to curb inflation, besides having exact, updated information on all aspects that affect inflation. In that sense, it would greatly help stabilization, the dual-currency exchange, and any further controls.

[Begin Celis recording] Any control imposed on currency exchange does not work, because it creates an artificial mechanism. There is a very good expression: to climb aboard the currency exchange control, to create the currency exchange control, is like climbing on a tiger: The difficult part is getting off. [end recording]

Meanwhile, the date for signing the document has been set for Thursday at Miraflores Palace. The final document was sent back to Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] for some changes in its style.

[Begin Fedecamaras President Edgar Romero Nava recording] Issues that we must address immediately are how to achieve the 4 percent fiscal deficit reduction and how to give the proposal a chance to succeed. [end recording]

At any rate, the results of the anti-inflation agreement will not become evident before 30 days.

**Roundup of Venezuelan Economic Developments**

*PA2305171195*

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 23 May.

A Paris AFP item, datelined Caracas, on 16 May reports that the Ministries of Coordination and Planning, Cordiplan, and Agriculture and Livestock, signed a technical cooperation agreement with the UN Food and Agriculture Organization, FAO. The UN organization will provide $242,500 to finance a food supply program. FAO sources indicated that, in the 18 months the organization has been in Venezuela, it has financed four projects directed at improving the country's technical capabilities and drafting a general agricultural bill to ensure food supplies. (Paris AFP in Spanish 1402 GMT 16 May 95)

Venezuelan nontraditional exports for the first quarter of 1995 totaled $1.495 billion. Sources from the Central Statistics and Data Processing Office indicated that this total is 21.9 percent higher than the same period in 1994. Colombia tops the list of buyers, with 28.4 percent of the total, the United States followed with 24.3 percent, next was Japan with 6 percent, Mexico with 4.7 percent, the Netherlands with 3.5 percent, and Ecuador with 3.1 percent. The most active sectors were metals, which took 38.3 percent of total sales. Chemicals were next with 23.9 percent, transportation materials with 9.4 percent, and food and beverages with 5.8 percent. The private sector controlled $995 million for 66.6 percent of sales, while the public sector held $500 million, for 33.4 percent. (Caracas REPORTE DE LA ECONOMIA in Spanish 17 May p 14)

The government announced that it will allocate 56 percent of its latest bond emission to pay off the country's long-term foreign debt. Venezuela owes foreign creditors some 254 billion bolivares. Treasury Minister Luis Matos said that other major payments the bond emission

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will cover are regular foreign loans and the domestic debt. The Senate Economic Commission will examine an official report on the legal implications of this transaction. (Caracas EL UNIVERSAL in Spanish 16 May 95 p 2-1)

Margarita Island power problems continue to increase along with the population. Juan Altamari, president of the Electrical Administration and Development Corporation, announced probable tariff increases to face the shortages. He said "we are also working on different ways of bringing in private investors to build a new plant or to set up some kind of interconnection system." He added that investments could total $100 million to $200 million over the next 15 years. (Caracas Venezolana de Television Network in Spanish 0200 GMT 17 May 95)

Corpoven officials said that the oil company will increase crude oil sales to Brazil to 100,000 barrels per day. Several qualities of oil are included in the agreement, the most significant being Mesa light, Leona medium, and Merey heavy. In addition, sales of refined products to Brazil also increased, including fuel oil and A-1 jet fuel. Corpoven sources noted that the Brazilian market requires special attention, as its currently imports 500,000 barrels per day, most of which comes from Kuwait, Nigeria, and Saudi Arabia. (Caracas EL GLOBO in Spanish 17 May 95 p E-2)

Officials from the Ministry of Energy and Mines affirmed that the recent strikes at the oil production installations in Zulia State did not affect sales. Furthermore, the officials said, sales reached a record 1.6 million barrels per day. Union workers at Cabimas and Lagunillas sites quit work to protest privatization plans, however, Ministry officials said that production in the new Western Division rose, pushing total production up. (Maracaibo PANORAMA in Spanish 17 May 95 p 2, 4)

Central Statistics and Data Processing Office sources announced that traditional exports to the Andean nations for the first quarter of 1995 totaled $399 million. This means a 52.9 percent increase over last year's first quarter figures. Colombia, which continues be the major buyer, increased its participation by 47 percent over first quarter purchases during 1994. (Caracas EL UNIVERSAL In Spanish 18 May 95 p 2, 10)

Lagoven announced the installation of a new crude oil processing plant. The facility is located in Monagas state and will extract water content from oil drilled in El Furrial. El Furrial pumps 282,000 barrels per day, of which 80,000 barrels have a 6 percent water content. Increased quality is expected to improve profit margin levels. (Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 19 May 95 p 13)

The Venezuelan Government and the Andean Development Corporation, CAF, signed a $22 million agreement to clean Lake Maracaibo. Roberto Perez, the minister of the environment and renewable resources, said that "we will develop our own technology to clean up the lake." CAF President Enrique Garcia said the organization granted the loan "because the environment is something we believe deserves all our attention." He added that this loan is just part of the financial aid Venezuela will receive during the year, expected to total $400 million to $500 million. (Caracas Venezolana de Television Network in Spanish 0200 GMT 20 May 95)

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